

## NEWS SUMMARY

### GENERAL

## Building society squeeze eases

The squeeze on building society lending has eased considerably since the beginning of the year. At the half year, the societies had promised to lend mortgage applicants £74m more than at the same stage last year. But inflation in house prices means that this level of lending will finance the purchase of 43,000 fewer homes. Back Page

### Schmidt support

At the end of French President Giscard d'Estaing's first state visit to West Germany, Chancellor Helmut Schmidt welcomed the decision to modernise its independent nuclear force. Back Page

### Powell warning

Only major movements of population could avert "a fatal eruption" of racial strife, Mr. Enoch Powell told a Monday Club meeting in Dorset. Page 3

### Thatcher booted

Demonstrators jeered both the Prime Minister and Industry Secretary Sir Keith Joseph at separate public appearances in London and North East England. Page 4

### Gun victim dies

Gail Kinch, 16, who was hit by four police bullets on June 12 when a siege gunman used her as a shield, has died in East Birmingham Hospital. Page 2

### Ayatollah warns

Iran's leader, Ayatollah Khomeini has warned the clergy to limit its interference in politics. Meanwhile, freed U.S. hostage Richard Queen, 28, was flown into Zurich, where he had medical tests. Page 2

### S. Africa clashes

South African police were involved in sporadic clashes with black schoolchildren who are continuing a classroom boycott against unequal education. Page 2

### No charges

Attorney General Sir Michael Havers is not to prosecute the BBC over a Panorama interview with a member of the terrorist group which claimed to have killed Mr. Airey Neave. Page 2

### Rolls replies

Rolls-Royce chairman Sir Frank McNamara will next week appear before the Commons public accounts committee, where he will be able to reply to Labour MP Jeff Rooker's allegations of bribery by the company. Page 2

### Pope ends visit

Pope John Paul ended his 12-day, 19,500-mile tour of Brazil with a cruise down the Amazon. Page 2

### HMS Invincible

HMS Invincible, the Royal Navy's £175m, 20,000-ton anti-submarine aircraft carrier, was commissioned at Portsmouth. The Queen and Prince Philip attended. Page 2

### Third Test

The West Indies were 213 for 7 on the second day of the Third Test at Old Trafford, in reply to England's first innings total of 150 all out. Page 2

### Briefly

Two-man crew of RAF Phantom killed in crash near Osnabrueck, north Germany.  
Security guard was shot and wounded as he foiled an armed hold-up gang in central London.  
Weekend jazz festival scheduled for London's Alexandra Palace was cancelled following fire. Page 4

### BUSINESS

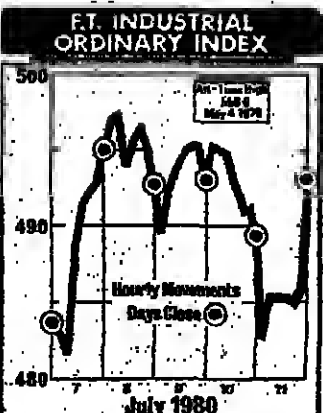
## Gold up \$9; Sterling firmer

STERLING was slightly firmer overall in extremely quiet trading. It closed 25 points up at \$2,378. Its trade-weighted index rose to 74.5 (74.4).

DOLLAR showed little change overall, finishing at DM 1.7375 (DM 1.7380). Its trade-weighted index was unchanged at 62.3.

GOLD rose \$9 an ounce to close at \$669.5.

EQUITIES generally settled with modest gains on the day. The FT 30-share index closed 3.6 up at 493.0, for a rise of 9.3 on the week.



GILTS had a quiet session. The Government Securities index closed at 70.73, just 0.02 up.

WALL STREET was up 2.39 to 383.21 near the close.

CITIBANK cut its prime rate by a quarter of a percentage point to 11.25 per cent. Page 2

ENOC's bid to explore for oil and gas in Irish waters has been blocked because of a boundary dispute between the British and Irish Governments. Back Page

UNIGATE and Associated British Foods plan to join the search for North Sea oil and gas. The companies have formed a consortium with the U.S.-based Texaco group. Back Page

BANK OF AMERICA is negotiating to buy the controlling interest in Rhobank, Zimbabwe's third largest bank. Back Page

POST OFFICE has warned British Rail that if it does not improve mail train reliability it will divert more business to air and road transport. Page 3

TEXTILE workers in Huddersfield, where over 1,500 have lost their jobs this year, were told there was no hope of Government aid for their industry. Page 4

INDONESIA may retaliate against Britain's restriction on imports of its textiles. Minister of Industry Soeharto said. Page 3

ICL hit by white-collar staff industrial action for the first time. Claimed production had been "totally unaffected". ASTMS, one of the unions involved, said some 10,000 had taken part. Page 4

COMMERCIAL VEHICLE registrations for June were 28,877, per cent down on the same month last year. Page 3

ITALIAN telephone group STET, the industry holding company controlled by the IRI state conglomerate, has decided not to pay a dividend for 1979. Page 21

KUWAIT Investment Office bought more than 8 per cent of the low-voting 'A' shares in the Savor Hotel Group in a deal worth about £3m. Page 18

THORN EMI, the electronics, lighting and engineering group, raised taxable profit from £118.1m to £125.5m for the year to March 31, 1980. Page 18

## Think Tank studies expansion of UK space technology

BY GUY DE JONQUIERES

The Government has ordered a far-reaching review of the opportunities for expanding British industry's activities in the fields of satellite communications and space technology.

The review is expected to form the basis for decisions by Ministers later this year on a strategy to ensure that Britain plays a full part in the increasingly fierce international competition to exploit the commercial potential of space programmes.

Mr. Michael Marshall, Under-Secretary for Industry, told the Commons yesterday that developments in telecommunications, information technology and broadcasting were opening up exciting new possibilities for the use of satellites.

Britain was already a world leader in some fields of space technology, he said. "We wish to examine the national and international opportunities which exist and which policies we should formulate to give British industry the maximum opportunity to exploit them."

The Government wanted to ensure that market mechanisms were effective in encouraging UK information industries to be innovative at home and competitive abroad.

But Mr. Marshall warned against expectations of a massive increase in public spending on space programmes, saying the Government did not have a "bottomless purse" out of which to support industry's efforts.

The review, to be carried out by the Central Policy Review Staff—the "Think Tank"—will focus on ways of improving the co-ordination of Government policies and support for space technology and satellites.

The bulk of present Government spending on satellites is channelled through the Department of Industry, which spent £37m last year. A further £13m was spent on space projects by the Science Research Council.

Britain is mainly involved in work on satellites through the 11-member European Space Agency, in which it has a 12 per cent share. Its contribution last year was £40m and UK companies, notably British Aerospace, have been awarded substantial contracts for ESA programmes.

A number of UK companies have also participated in U.S. space programmes, notably the Spacelab project. As well as British Aerospace, they include Marconi, Avica, Ferranti and Simon.

A major impetus to the use of satellites is expected from the development of "direct broadcasting." This enables television transmissions to be bounced off a satellite and beamed back to earth, where they can be received via inexpensive rooftop antennae.

The ESA is planning to produce its first direct broadcasting satellite in 1984, and the UK is financing 30 per cent of the programme's cost. British Aerospace has been named as lead contractor.

But France and Germany have been accused of weakening the ESA's cohesion by embarking jointly on a separate, similar project. Critics argue that by not participating in the ESA programme, they may impair its technical development.

Switzerland and Luxembourg are also planning direct broadcasting satellites, which will beam programmes well beyond their national boundaries.

Satellites are also playing an increasing role in telecommunications. They have been exploited most widely in the U.S. so far, and some experts fear that unless Europe enters this field more aggressively it will have to rely on services provided by American companies.

The fastest growth is in business communications. Both Xerox and International Business Machines are investing heavily in sophisticated systems using satellites to transmit speech, data and television pictures.

## Volvo signs £255m deal with Chinese province

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM

VOLVO, THE Swedish car and truck group, has concluded a SKr 2.5bn (£255m) barter deal. It will sell trucks, cars and construction machines to the Chinese province of Canton in return for marketing Cantonese textiles, machine tools and other machinery abroad.

The deal is said to be one of the first fruits of China's trading policy. It's provinces are allowed to import foreign industrial goods so they can generate necessary foreign currency.

The deal, arranged in May by Volvo International Development Corporation, involves two

trading houses, one in Hong Kong and one in Britain, which the company does not wish to name.

The agreement means Volvo can sell Canton products up to a value of SKr 500m a year for five years, once its trading house partners have succeeded in marketing Cantonese goods abroad. Main markets for Cantonese goods are expected to be the Middle East and Africa.

Mr. Bertil Bengtsson, Volvo International managing director, said in Gothenburg that the Chinese deal had great potential. He said its success depended on Volvo being able

to find markets for SKr 500m—worth of Cantonese goods a year.

Volvo International is a special unit set up at the group's Gothenburg headquarters to develop sales outside Europe and North and South America. It evaluates markets in developing countries, including the possibilities of local assembly or manufacture of Volvo trucks and cars.

Recently, Volvo International brought home a SKr 500m order for 1,600 Volvo trucks to Iraq over two years. It was also instrumental in selling 1,000 Volvo trucks to China in 1978.

## De Beers broke disclosure law

BY CHRISTINE MORRIS

THE DISCLOSURE provisions of UK company law were breached by De Beers Consolidated Mines in its secret build up of a 14 per cent stake in Consolidated Gold Fields late last year.

Yesterday the South African mining group handed the board of Gold Fields a letter. It admitted that one of its associates, Brent, a Luxembourg-registered company, owned more than 5 per cent of the UK concern between November 20 and December 19.

Gold Fields immediately handed the letter to the Stock Exchange, which is "considering the implications."

Later De Beers said the facts had only recently come to light. The company and its advisers "took considerable care" to keep within provisions of the 1976 Companies Act. This requires holders of more than 5 per cent of a company to disclose their identity.

In order to build up a significant holding without having to reveal itself, De Beers used

several separate companies, including Central Selling Organisation Pty. De Beers Holdings Pty, and Brent.

Each of these acquired parcels of shares over a period. These were intended to amount individually to less than 5 per cent.

Recent internal inquiries, however, revealed that for a four-week period shares bought in the name of Brent amounted to more than 5 per cent. De Beers said the mistake "had not been knowingly made" and was immediately admitted once discovered.

The revelations will add more fuel to the controversy which has surrounded De Beers' build up of its initial stake and the "dawn raid" carried out on February 12 by Rowe and Pitman, stockbrokers, when it bought another 11 per cent in the market in less than half an hour.

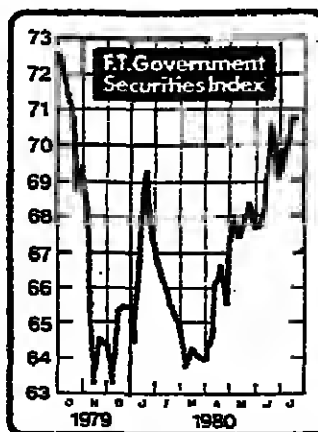
On Thursday, the Stock Exchange published its highly detailed report of the affair. It called for changes in the law

which permits parties acting in concert, like the De Beers associates, to avoid the disclosure provisions.

The committee which conducted the Stock Exchange inquiry did not seek to establish whether the existing disclosure laws had been complied with. It was assured by Rowe and Pitman that care had been taken not to breach the law.

Stock Exchange officials who studied the share registers of Gold Fields in January also failed to see the build up of a sizeable stake because Alroyd and Smithers, as jobbers, Rowe and Pitman and Davis Borkum Hare, De Beers' South African brokers, had arranged that the purchases should be done on hlsnk forms which were then not registered until February.

As a result the Stock Exchange did not investigate the unusual share movements evident in the register although, as the committee says, "with hindsight" such an investigation would have disclosed the identity of the buyers.



## £400m tap for high ta payers

BY DAVID MARSH

THE BANK of England yesterday launched a new £400m low coupon tap stock to take advantage of the present state of demand on the Government bond market.

Helped by the Chancellor of the Exchequer's statement on Thursday sticking to his forecast of 16.3 per cent inflation by the end of the year, gilt-edged prices continued firm yesterday. The FT Government Securities Index returned to Wednesday's level, taking it up again to its highest since October last year.

Rises of 1/2 to 1 in medium and long-dated stocks were accompanied by further signs of downward pressure on short-term interest rates. The average rate of discount at yesterday's Treasury bill tender fell to 14.49 per cent from 14.74 per cent last week. This indicates that the City is expecting a further fall of perhaps 1 per cent in the Minimum Lending Rate over the next month or so from the 16 per cent to which it was lowered last week.

The new tap stock—3 per cent Exchequer 1983 "A"—is specially designed for high income tax payers. It will go on sale by tender next week at a minimum price of £85.25 per cent.

## Major unions in 'Grain' row facing ban

BY JOHN LLOYD, LABOUR CORRESPONDENT

TWO MAJOR unions—the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union—could face suspension from the TUC if they refuse to accept fresh proposals aimed at settling the inter-union dispute at the Isle of Grain power station construction site.

An all-night meeting on Tuesday of members of the TUC's powerful finance and general purposes committee ended with a call on the other craft unions to withdraw their members, believed to number around 60, who have replaced the 27 General and Municipal Workers Union thermal insulation engineers, or ladders, at the Isle of Grain after the latter's suspension and to agree to the re-employment of the GMWU ladders.

Mr. Frank Earl, the GMWU national officer with responsibility for construction, said yesterday that if the craft unions did not withdraw them, the TUC's Rule 13, which allows suspension of a union disobeying a TUC directive, would be invoked.

The TUC later appeared to play down the threat of suspension, saying that the proposals still had to be ratified by the general council.

However, the ultimatum was clearly responsible for the vote of a delegate meeting of thermal insulation engineers, or ladders, to call off their strike action at Central Electricity Generating Board power stations and construction sites, called for Monday.

Mr. Earl, speaking after the delegate meeting, said that a number of unions, including the Transport and General Workers Union and the staff union ASTMS, had already accepted the TUC line. The unions

which may decide to display the directive are the engineering and construction sections of the Amalgamated Union of Engineering Workers and the Electrical and Plumbing Trades Union, with a joint membership of around 16m.

These unions, especially the AUWE's construction section, whose general secretary is Mr. John Baldwin, have opposed similar attempts to reach agreement on Grain. Mr. Baldwin is understood to have written to other unions to express his opposition to moving the replacement ladders from their jobs to make way for the return of the GMWU.

Further, the compromise formula which the TUC has been discussing with the CEBG for the past few weeks has not been accepted by the Board. The TUC has proposed that the ladders return to work under the terms of the thermal insulation national agreement, for a thermal insulation contractor, while the Board has insisted that the ladders work for a mechanical contractor.

However, it was pointed out yesterday that the GMWU has been prepared to make large concessions, including an undertaking that the ladders will seek to "harmonise" their earnings with those of other craft unions on the site. The high bonuses previously earned by the ladders were a cause of the original dispute.

Senior trade union leaders who have been attempting to find a solution to the impasse last night took a much softer line on possible suspension of unions, pointing out that their proposals still had to be ratified by the full session of the TUC and GP, which meets on July 21, and then by the general council.

## National buys £2.3m Rubens

BY PAMELA JUDGE

A RECORD auction price for a Rubens painting was paid in London yesterday when the National Gallery bought his masterpiece, Samson and Delilah, for £2.3m at Christie's.

A further £230,000 will be paid to Christie's by the gallery in commission. The bidding at the auction house's Great Rooms in St James's

started yesterday morning at £500,000, and went up rapidly.

The painting was bought on behalf of the gallery by the art dealer, Sir Geoffrey Agnew on his 72nd birthday. The seller was an anonymous Hamburg family.

The auction rooms were so crowded that some bidders had to be linked by television and telephone. Afterwards, Sir Geoffrey said he had no idea of the identity of the

underbidder who telephoned his bids from the next door room.

He said: "It was more or less the price I expected to pay. It is a superb buy for the National Gallery."

It is the third highest price for a painting at auction—Sotheby's sold a Turner in May for £2.6m—and Christie's a Velasquez in 1970 for £2.31m.

The painting, Page 14

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### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISERS		FALLS	
Beans, 12pc 1983	595 + 1	Minorex	344 + 14
Aspd. Fisheries	78 + 3	Mth. West Mining	166 + 12
Bovatar	190 + 7	Suata Oil	126 + 11
Brown (L)	301 + 3	Tanks	340 + 10
Dunlop	85 + 3		
Farnall Elec.	224 + 6	Anchor Chemical	64 - 6
Hampton Trust	59 + 2 1/2	Aurora	46 - 6
Laurha	117 + 6	Bulmer (H. P.)	186 - 6
Mackintosh of Schind	474 + 22	Sothebys	458 - 43
Marshall	116 + 18	BP	348 - 4
Robbitt	38 + 4	Candover	184 - 14
Thorn EMI	314 + 10	Sovereign Oil	253 - 13
Whitson	67 - 5	Tricentrol	358 - 6
Wimpey	87 + 4	Ultramar	344 - 12
Double Eagle	173 + 33	Leichhardt Explor.	180 - 20
Warrior	183 + 28	Mount Carrington	88 - 4
Anglo-Amer. Gold	240 + 1	Otten	88 - 4
Naoma Gold	196 + 6	Powellson	210 - 6

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## OVERSEAS NEWS

David Buchan reports on the convention city the Republicans have chosen and the party's election platform

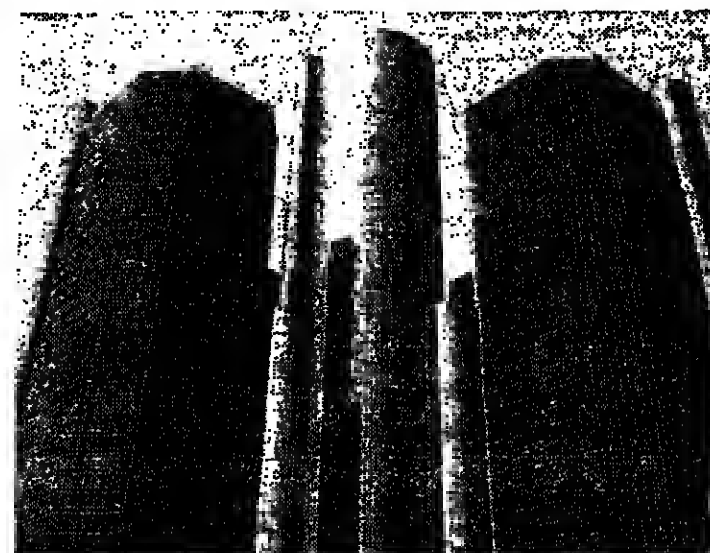
## Depressed, crime-ridden Motown shakes off its blues

"DETROIT LOVES a good party" is the ubiquitous slogan greeting Republican delegates streaming in for next week's convention. Many a botch-chomping delegate may miss it but the slogan has a double edge. Detroit wants to forget its car depression blues and is flattered and bemused that Republicans have chosen to crown their conservative king, Mr. Ronald Reagan, in a largely black, northern industrial city, traditionally beyond the Republican political pale.

Detroit's problems are legion, but none compares with the deep slump in the car industry and its suppliers. Together, they still employ around 30 per cent of the city's work force. Of the main highways into the city, electronic boards display a running total of the year's total U.S. car output. On Thursday they showed a new car every six seconds. That is snail's pace for Motown.

Two more figures complete the picture. Unemployment in Detroit has been a bit higher than the national average in recent years. But it has now hit 18 per cent or more than double the level in the rest of the country. It is much worse for minorities and blacks who have entered the work force last, and by common practice get laid off first. The city lost 43,000 blue-collar jobs from 1970-77. That could be doubled at a blow if Chrysler, the biggest private employer inside the city limits with 37,000 people, goes under. The success of the new Government loan guarantees depends on the gamble of the new small K cars which Chrysler will start churning out from its Jefferson Avenue plant at the end of this month.

Detroit shows all modern America's urban ills. Richer whites have fled to the suburbs and left the young, old, poor and minorities behind. The poorer pockets of the city are



Detroit's new \$337m waterfront development, the Renaissance Centre.

pockmarked with boarded-up houses, interspersed with vacant lots sprouting wild cornflowers.

But the new car slump has tightened the squeeze on city finances. This is not so much because of less tax directly from the car companies; Chrysler has not made a profit to tax for years, but still pays property tax on its 12 plants inside the city. It is the loss of revenue from the unemployed who have no salary to tax and buy fewer goods on which the city can levy sales tax.

Mayor Coleman Young, a black Democrat, has just been forced by arbitrators to pay an extra \$50m to police and firemen against his will. Mr. Walter Stecher, the city's budget director now says that the 1980-81 deficit could rise to \$120m from \$70m in the last year. Detroit cannot cover this by borrowing and Michigan law will not permit the city to

raise taxes any higher. "So we'll have to cut back more on services," Mr. Stecher says. Ironically, the next lay-offs in September will be among police and firemen, which under the practice of "last-in-first-out" will reduce the ratio of blacks in these services.

The complex effort to revive Detroit is primarily the work of two remarkable men, who have joined hands. They are Mr. Henry Ford, the white capitalist par excellence, and Mr. Young, a black trades unionist turned politician. It was Mr. Ford's initiative in 1971 to start building the downtown Renaissance Centre, a towering complex of offices, hotels and shops that faces Canada across the Detroit River. Mr. Ford bludgeoned fellow capitalists into following suit, and the concrete has not stopped pouring since. Some \$637m, overwhelmingly from the private sector, has been invested in city property in the past five years. For his part, Mr.

Young, when he took office in 1974, promised to provide a stable social base to the city, warned "criminals, muggers and rip-off artists to bit the road" and pledged to work with the white business community and to use what city, state and federal monies he could lay his hands on to speed redevelopment.

This division of labour suits both sides. White business wants to keep the city alive as a base. The car companies do not want to lose the city's pool of engineers and semi-skilled labour, nor do Detroit-based companies such as Bendix and Burroughs, Banks and utilities could not easily move. White business is "happier than hell" with Mayor Young, a prominent city planner says.

The mayor has certainly played his game well. In a series of stormy reports, he has put the once-notorious Detroit police force under a civilian board, increased the hiring of black policemen and set an arbitrary rule that every time a white officer is promoted a black must be too. He has even got policemen to walk their beats, which is almost unheard of in the U.S.

In short, he has managed to crack down on crime without provoking the kind of backlash from blacks as was seen in Miami recently. All is by no means well. There is a recent scandal about white policemen using electric cattle prods on black suspects. But the murder rate dropped to 416 last year, from 714 in 1974. The year, incidentally, in which Lord Snowdon was arrested and held briefly by Detroit police while following his profession as a photographer.

Less crime makes the city more attractive to outsiders. It is also some measure of Detroit's greater self-respect. Mr. Young has done with the police what a white might find hard to do.

Similarly, he has kept labour peace at a low cost, at least until now, as perhaps only an ex-United Auto Workers organiser could. In the last settlement, in 1977, he kept wage increases for city workers to an annual 3 per cent, well below the rate of other cities. Equally pleasing to white businessmen has been Mr. Young's political clout with President Carter's White House. Detroit gets more than its usual share of federal aid, particularly for housing and construction, which has stimulated private investment. Mr. Young earned his influence with President Carter by sticking with him through the dark days when the Administration was desperate to show urban black support against Senator Edward

Kennedy. The mayor is on the best of terms with Mr. William Milliken, Michigan's Republican Governor. The gossip is that Mr. Young actually prefers a Republican Governor because that way the mayor can deal directly with a Democratic White House.

Mr. Young has strong critics from the left who claim he is letting the private sector ride roughshod over the city. The most eloquent is Mr. Ken Cockrel, a black city council man and one of the very few American politicians to call himself a Marxist Socialist. He admits that Detroit must rebuild its downtown area as "a watering hole for business types," but charges the mayor with giving millions of dollars away in tax breaks to give companies to do

something they would do anyway.

As Motown's Marxist, Mr. Cockrel believes the city should have a greater say in the decisions of car companies that affect it. Taking a leaf out of the book of Mr. Doug Fraser, the UAW President now on the Chrysler board, Mr. Cockrel is pushing for a city representative on the Chrysler board if the company wants Detroit's endorsement of a \$17m Government loan. "Material conditions would suggest that the time is ripe for an advance by the left, but I'm not sure the left is up to the task," Cockrel says. But he has grudging admiration for Mayor Young's performance. "This may be regional chauvinism, but for all my differences with Coleman Young, I



DETROIT

still think he is better than most mayors around the country," he says.

The Detroit black vote may one day split, but Mr. Young should still win a third term next year. The city's blacks are eager to maintain the political control and social ease which their numbers give them. Secure in this, Mr. Young is happy to give white business its head.

## 'Hawkish' Reagan policies win approval

MR. RONALD REAGAN has won speedy approval by Republican delegates of a defence and foreign policy platform that is hawkish, but generally avoids a far-right stand which might be damaging to his election chances. It is expected to be blessed without serious demur by the full party convention next Tuesday.

Mr. Richard Allen, his chief foreign policy adviser, described as "a fine piece of work" the platform that calls for rejection of the Salt II arms treaty with Moscow, much greater defence spending, a permanent fleet in the Indian Ocean, and criminal penalties for disclosing U.S. intelligence agents and sources.

Unlike domestic policy where moderate Republicans put up a strong but losing fight on women's rights and abortion, the contest in the

area of foreign affairs was between the Reagan right and the far right, as represented by Senator Jesse Helms, who had urged that full diplomatic relations be re-established with Taiwan.

But Reagan advisers squashed such attempts, stressing their candidate did not want to "turn the clock back." The agreed platform also accepts the 1978 Panama Canal Treaty, which Mr. Reagan had vetoed against, though it warns Panama to live up to commitments in supervising the canal jointly with the U.S.

The platform delegates did the bidding of Conservative Senator John Tower, chairman of the platform committee, who told them at the outset that "in no area is it more essential to be in lock-step with our Presidential candidate" than in foreign affairs.

"The wrong perceptions of our candidate abroad could set up vibrations in this country, which would adversely affect the election campaign," Senator Tower warned. An extremist foreign policy platform would allow Mr. Carter to paint his Republican rival as a dangerous reactionary, the Reagan advisers feared.

Amid some controversy, the platform committee eventually went on record against the nuclear fuel shipments to India which Mr. Carter has proposed. Opponents of the move considered that this would be overtaken by Congressional action this month on fuel sales.

Reflected also in the platform is the nervousness of Reagan Republicans about "Marxist" advances in Central America, following the Nicaraguan revolution. About

the only area of agreement with the Carter Administration was the Middle East, where Republicans support the Camp David peace settlement.

A Republican Administration would co-operate better with NATO allies, according to the platform, though it does expect each of the allies to bear a fair share of the common defence effort, and to work closely together in support of common alliance goals.

In the domestic section of the party platform, which is not binding on the Presidential candidates, minority problems are mentioned. But "our fundamental answer to the economic problems of black Americans, is the same answer we make to all Americans — full employment without inflation through economic growth."

## Italian industry shows sharp production drop

BY RUPERT CORNWELL IN ROME

THE FIRST concrete evidence has surfaced that Italy is on the brink of what looks to be a sharp and painful economic slowdown. Provisional figures released yesterday indicate that industrial production in May, corrected for seasonal factors, dropped by about 10 per cent from the April level, which showed the highest growth in output since late 1978.

The unadjusted figures issued by ISTAT, the national statistics institute show that production in May was 5.4 per cent higher than in the same month of 1978. But the disparity is more than accounted for by the fact that the May 1978 figures were unusually low as a result of widespread strikes in the key engineering and mechanical sectors.

The slowdown in the economy has coincided with increases in bank lending rates following last week's move by the Bank of Italy to impose tighter ceilings on domestic credit expansion over the coming months.

The country's 14 largest commercial banks have announced plans to lift their indicative prime rates to 21.5 per cent from the last fixed official level of 19.5 per cent. This move is expected to be followed shortly by other Italian banks, although considerable disparities exist between actual lending rates charged.

These pointers that the economy may be running out of steam have reinforced opposition in the Communist Party and among union militants to the deflationary package announced last week by the Government.

Measures aimed at reducing consumer demand by L4,000bn (22bn), include imposing a special 0.5 per cent tax on salaries to finance a solidarity fund for the south and troubled companies.

This provision seems certain to attract fire during an examination by parliament over the summer.

## Air traffic control move

STRASBOURG—The European Parliament yesterday urged Common Market states to pool their air traffic control systems to save money and improve safety. It approved a resolution from Mr. James Janssen Van Raay, Dutch Christian Democrat, calling for an extension of the system which regulates air traffic over Belgium, Luxembourg and West Germany.

Present air controls mean that aircraft flying from Frank-

furt to Amsterdam had to travel considerably further than the actual surface distance between the two cities and a flight from Copenhagen to Paris had to pass through four different air control centres, he said.

Lack of cooperation between West European states caused delays, diversions and increase workload for crews and controllers, Mr. Janssen Van Raay said.

Reuter

## Troops raid Turkish 'rebel' town

By Metin Munir in Ankara

TURKISH TROOPS moved into the small Black Sea port of Fatsa before dawn yesterday morning to break up what Mr. Suleyman Demirel's right-wing Government claims was an extreme Left-wing commune established by armed militants defying state authority.

In Ankara Mr. Bulent Ecevit, the main opposition leader, claimed that the Government ordered the campaign to divert attention from the political-sectarian riots in the town of Corum last Friday in which at least 24 people were killed.

Mr. Ecevit, a Social Democrat, accused Mr. Demirel of "co-operating with right wing terrorists" and maintained that Turkey was "faced with the threat of a civil war."

The troops, who used loudspeakers on minarets to urge Fatsa's 20,000 population to be obedient, encountered no resistance.

A curfew was declared at day-break and a house-to-house search was carried out, assisted by masked members of the Turkish police anti-terrorist squad. More than 300 people—including five wanted terrorists—were taken into custody and a small cache of arms was discovered, according to agency reports.

"We have brought the state to Fatsa and along with it the peace that the people of Fatsa were thirsting for," said Mr. Resat Akkaya, governor of the region.

Fatsa, 100 kilometres north-east of Ankara, was reported by the Turkish press to be one of several "liberated zones" which sprang up in Turkey with the deterioration of law and order. These zones, existing in cities as well as in the countryside, are places where armed left or right-wing militants rule and security forces cannot enter.

Mr. Fikri Sommez, Fatsa's elected mayor who is a tailor by profession, was arrested together with other prominent citizens. Mr. Sommez is charged with usurping state authority by establishing a commune led by elected committees to run the town. He is alleged to be loyal to Dev Yol (Revolutionary Way), a powerful, extreme Left wing underground organisation.

Ayatollah warns mullahs on political meddling  
Hostage release lifts U.S. hopes

BY OUR FOREIGN STAFF

MR. RICHARD QUEEN, the U.S. hostage in Tehran suddenly released on the personal order of Ayatollah Khomeini, arrived in Zurich yesterday on a Swiss-air flight from Iran. He was immediately taken to hospital for tests although there was nothing in his appearance or brief comments to throw light on the mental condition which was the declared reason for his release.

Mr. Queen, aged 28 and a vice-consul at the embassy, had spent the previous three days in a Tehran hospital. He told reporters, before boarding the aircraft that he was very happy. He did not know precisely what was wrong with him: "It's something with the brain, some sort of virus," he said.

The circumstances of his release have prompted speculation by U.S. officials that it might be a gesture by Iran which could lead to the release of the other hostages who have been detained since November 4 last year.

There are now 49 held by the militant students either at the Tehran embassy or, in some cases following the abortive rescue mission, in other Iranian cities. Another three are at the Foreign Ministry where they sought asylum when the embassy was seized.

President Carter's immediate reaction has been cautiously welcoming. He said he was very thankful but obviously the proper thing was that all the hostages should be released. A week ago Mr. Carter announced new attempts at diplomatic contacts with Iran.

The official Iranian position, as declared by Ayatollah Khomeini, is that it is up to parliament to decide the fate of the hostages—but the recently-elected body has yet to start functioning properly.

Ayatollah Mousavi Ardebili, the prosecutor-general, repeated this yesterday, saying the release does not mean a change in policy towards the U.S. and the hostages.

A spokesman for the militant students, who have not explained why they acquiesced so silently to Mr. Queen's release, described as "absolute rubbish" reports that more hostages needed medical care. Ayatollah Khomeini yesterday showed his awareness of a growing trend of anti-clericalism in Iran by warning the Moslem clergy to limit their interference in politics.

The surprise announcement, in contradiction to earlier statements, will be interpreted as a gesture of support for President Abolbassan Bani-Sadr in his

political struggle with the hard-line Moslems of the Islamic Republican Party led by Ayatollah Beheshti.

The Iranian revolutionary leader made his remarks in comments about Thursday's revelations that a military coup by supporters of the former premier, Mr. Shapour Bakhtiar had been crushed. He said he was not worried by aircraft bombing raids (which were part of the plot), but by the division developing between the clergy and the people.

Such comments are a further example of the curious position held by Ayatollah Khomeini in Iran. Previous remarks—backing an Islamic cultural revolution and condemning all types of left-wing political groups—have unwittingly or otherwise, steadily chipped away at the authority of President Bani-Sadr.

Yesterday he said that for 300 years mullahs in Iran had been told to keep out of politics—they should not overreact now by devoting themselves exclusively to it.

The way is now open for President Bani-Sadr to take advantage of the Ayatollah's sentiments, perhaps by going to him and seeking explicit backing.



Released hostage Richard Queen is carried on a stretcher from the aircraft at Zurich airport.

## Draft constitution 'displeases' Pinochet

BY MARY HELEN SPOONER IN SANTIAGO

GENERAL Augusto Pinochet has declared that Chile's future constitution will be submitted to a "free, secret and informed plebiscite," but indicated that the proposals presented to the Chilean public may not necessarily be the draft delivered to his office this week.

"It will be the junta which will present the definitive constitutional project to the country," he told a pro-Government youth group at Diego Portales.

According to observers, Gen. Pinochet is displeased with the proposed constitution drawn up by a Government-appointed council. The draft provides for

a five-year transition period during which no elections would be held and all members of Chile's legislature would be appointed by the Government. Chile's "new institutional order" would be developed gradually to avoid disruptions, the General said.

"It should be pointed out that the Communists and Soviet Marxists do not consider September 11 (the date of the 1973 coup) to be a defeat, but rather a tactical error which should be overcome."

He warned his audience that Marxism had infiltrated many traditional democracies, but Chile would "opt for freedom."

## Polish strikers return to work after prices pledge

BY CHRISTOPHER BOBINSKI IN WARSAW

STRIKING Polish workers at Warsaw's Rosa Luxemburg electrical works went back to work yesterday after a 24-hour stoppage on receiving management pledges of wage increases and a return to lower production norms. But the stoppage at the FSO Zeran car works in Warsaw continued, with strikers demanding wage increases and a withdrawal of meat price rises introduced by the authorities last week.

Shop floor discontent at the meat price rises has focussed on the engineering industry, where the price move came together with unpopular changes in productivity agreements. Reports reached Warsaw yesterday of protests in two engineering

plants in the Lublin region in eastern Poland.

The official Press has not mentioned the industrial protests which started last week but the authorities are viewing the situation with concern. Mr. M. Szczepanski, head of the broadcast media, went on television on Thursday evening to appeal to the people to be patient. He said that wage increases could be justified only by rises in productivity.

Meanwhile, the dissident social self defence committee KOR, which has been the main source of reports of working class protests, met yesterday to prepare a call for the introduction of meat rationing and the abolition of state censorship.

## Citibank lowers prime to 11 1/4%

By Stewart Fleming in New York

CITIBANK, the second largest U.S. bank, yesterday cut its prime lending rate from 11 1/2 per cent to 11 1/4 per cent in the face of sinking corporate loan demand and weakness in the consumer credit sector.

The move came amid expectations that other major banks would also ease their lending costs to try to stimulate demand and keep their earnings growing.

Several factors account for the weakness of demand for loans. The economy is one of the heavy borrowings major corporations are undertaking in the long-term bond market, as an alternative to bank borrowing another. The continuing competition from the commercial paper market, where companies borrow and lend directly to each other, also affects demand at the banks.

In the paper market, companies have been able to borrow as little as 9 per cent. It was only last Monday that the prime lending rate at the banks came down to 11 1/4 per cent. As a result commercial paper outstanding has been rising rapidly, in contrast to the decline in commercial and industrial bank loans.

Reuter

## Kampuchea fighting

KAMPUCHEAN guerrilla groups opposed to Phnom Penh's Vietnam-backed government fought yesterday on Thailand's eastern border and at least 85 people were seriously wounded, according to relief agency officials. The fighting between guerrillas loyal to Phnom Penh's ousted Khmer Rouge regime and supporters of the pro-Communist Khmer Seret (Ere) Khmer) broke out near a small town called OOT and sent more than 75,000 people fleeing into Thailand from the area for the second time in three weeks. Reuter reports from Bangkok.

## Palestinians die

THREE Palestinian Arabs were killed yesterday when a bomb which they were apparently building blew up at Al Fawar village near Hebron, in the occupied West Bank. AP reports from Tel Aviv. It was the second bomb explosion in 300 days in the West Bank. On Wednesday, an Arab boy Nabil was killed when a bomb went off prematurely.

## Japan succession

FORMER AGRICULTURE Minister Mr. Zenko Suzuki yesterday became certain of becoming Japan's Prime Minister in succession to the late Masayoshi Ohta when two rival contenders dropped out of the race. He will be named as president of the ruling Liberal Democratic Party on Tuesday and formally designated Prime Minister in parliament two days later. Reuter reports from Tokyo.

FINANCIAL TIMES, published daily except Sundays and holidays. Subscription rates: £28.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

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UK NEWS

# OPEC sells more premium-price oil

BY MARTIN DICKSON, ENERGY CORRESPONDENT

MORE THAN 10 per cent of internationally traded oil is being sold by producer Governments at premiums above their official selling prices, according to a Shell background briefing paper.

It estimates that such sales by members of the Organisation of Petroleum Exporting Countries have reached 4m b/d. This compares with a total international oil trade of about 35m b/d.

"Sales at these premium prices have noticeably increased the average price of internationally traded oil," the study says.

When there is little leeway between supply and demand, scrambling for oil by consumers or mistaken judgments by producers could easily lead to a "new" price explosion, and to severe damage to the world economy.

The supply/demand balance could shift either way in the next couple of years. The perception of an imbalance is likely to cause sharp fluctuations upwards or downwards in spot prices.

The study says the seven major international oil companies still have equity access to one quarter of world crude supply, own more than one-third of refining capacity and control an even larger proportion of product sales.

But in the last 10 years their role has diminished, notably in crude oil production. Government share rose from 6 per cent in 1970 to 55 per cent in 1978.

## STRUCTURE OF THE OIL INDUSTRY

Ownership of crude	1970	1979
Seven majors	61	25
Other private companies	33	20
Government	6	55
Product sales	1970	1979
Seven majors	50	40
Other private companies	41	42
State marketing co's	9	18

The tight oil market in 1979, after the Iranian revolution, enabled OPEC members to reduce their dependence on the oil majors as buyers. Since then, up to 3m barrels a day of oil has been switched from the larger international companies.

By the third quarter of 1979, more than one quarter of the crude moving internationally had been transferred from the hands of the international

companies, whose particular skill is to handle flexible oil trade, and diverted into untried channels.

"Ten years ago the majors handled 60 per cent of non-communist world oil supplies outside North America, and just before the Iranian upheaval the figure was not much below 50 per cent. Today their share is rather more than 40 per cent, and in the current supply situation there is no guarantee that this will not change further."

This trend has been accompanied by a growth of OPEC Government sales to consumer Governments or companies sponsored by them. Government-to-Government sales rose in the past 18 months by about 3m b/d (including Japanese direct purchases and purchases by state oil companies in importing countries).

The oil majors will have to use three particular strengths to deal with the challenge facing them. These are technical expertise in developing difficult reserves, flexibility in response to changed circumstances, and financial resources to meet the huge capital needs of future energy projects.

# Government refuses to assure ICL of £150m order

BY IVOR OWEN

THE GOVERNMENT yesterday refused to give an assurance that the order for the Inland Revenue's new PAYE computer system would go to International Computers-Britain's major computer manufacturer.

Guaranteed performance and delivery dates—and a satisfactory price—will determine whether ICL secures the contract in the face of strong competition from U.S. computer manufacturers, particularly IBM, who have been lobbying for the order.

This was emphasised by Mr. Michael Marshall, Under-Secretary for Industry, in the Commons yesterday, when Labour MPs warned that the Government's departure from the single-tender principle could result in the contract, estimated to be worth £150m, going to a foreign firm.

Labour leaders backed the demand that ICL should get the contract for what is planned to be the largest computer system in the UK with 20,000 visual display terminals in 60 district tax offices.

A Commons motion, signed by Mr. Denis Healey, Mr. John Silken, Mr. Eric Varley, and other members of the Labour Shadow Cabinet, said the order was vital to maintenance of ICL's success in computer technology.

Mr. Ian Wriestworth, Labour's Civil Service spokesman, said: "It would be a savage blow to Britain's major computer company were this order to be placed with a foreign firm." Five hundred ICL jobs rested on securing the contract, he said.

# Foot urges Labour to show unity

BY PHILIP RAWSTORNE

MR. MICHAEL FOOT, Labour's deputy leader, last night urged the party to set aside its differences and unite against the Tories.

"The barbarians are at the gates, and we are arguing, as medieval saints were supposed to do, about how many angels might dance on the point of a needle," he told a Labour meeting in Tredgar.

"The immediate priority is that this Government must be exposed and attacked on all fronts. On every count, national and international, they are unfit to govern and it is the determination to remove them at the earliest available opportunity which should unite us now."

Mr. Foot said the party had little time left to show the country that it had an alternative to the "present slide to ruin." Labour's cause would not be helped by any manifesto written solely by the party's national executive. The rights and duties of Labour MPs could not be "tossed aside as if they were trifles," he said.

"When we do we give the chance to clear up the wreckage left by this Government, we shall have to speak the language of priorities, more plainly than ever before."

"We shall have to choose, and many of the choices are bound to be intricate and awkward... the idea we are going to be able to escape them in the capitalist crisis of the 1980s is an infantile delusion."

"That is one reason why you can't pile every desirable objective into one basket and call it a manifesto. That is not the way to build democracy. It is the way to spread the cynicism which can be democracy's most insidious enemy."

Dr. David Owen, Labour's energy spokesman, said yesterday that the NEC's draft manifesto had been "designed to provoke a row."

# Pessimism over prospect of early Ulster accord

PEERS WERE as pessimistic as MPs about the prospect of an early agreement on a new form of devolved government for Ulster when the White Paper on Northern Ireland was debated in the Lords yesterday, writes Ivor Owen.

From all sides the Government was urged to keep alive the latest initiative by Mr. Humphrey Atkins, Northern Ireland Secretary, by including as many Ulster leaders as possible in the next talks.

In a maiden speech from the cross benches Lord Hunt of Tarnworth, former Cabinet Secretary, said the Ulster negotiations were similar to a man riding a bicycle so long as there was some movement disaster could be avoided.

Proposals for an elected Assembly, outlined in the White Paper, might require some amendment after further discussions, he said. But given the will, they did provide the basis for reconciliation and for devolution.

Lord Moyola, former Ulster Premier, said the White Paper's publication had been almost a non-event. The people of Northern Ireland had shown practically no interest.

He feared Mr. Atkins was trying to achieve the impossible. He said: "I think that would be a total and complete disaster and I beg the Government not to try."

Lord Elton, Under Secretary for Northern Ireland, said the Government did not intend to impose a solution upon a reluctant population.

"But that does not mean that there is not a need—a critical and crucial need—for compromise," he said. The low-key response to the White Paper could be a helpful factor.

# Indonesia angered by textile quotas

By Rhys David

A BIG trade row has broken out between the UK and Indonesia over the new textile quotas due to be imposed on Britain's textile exports next week by the EEC Commission.

The quotas are being imposed unilaterally under the GATT multi-fibre arrangement (MFA) following the refusal of the Indonesians to agree to equitable effective quotas. But the Indonesian Industry Minister, Mr. Soehodo, yesterday threatened retaliation against Britain. "We should show them that we cannot make fools of us," he said. "They had better remember that many of their products are exported to Indonesia."

The row is over Indonesian exports of three key products: trousers, blouses and shirts. Exports of trousers and blouses this year have exceeded the trigger level laid down in the MFA, at which the EEC is entitled to ask for quotas.

Indonesia exports of trousers rose from 1976 to 1978 to 355,000, of blouses, from 1976 to 1978 to 248,000. The increase in shirts has been from 5,000 in 1976 to 752,000 in 1978; but exports fell last year again to 194,000.

## Demands

The EEC, at Britain's behest, has been offering a quota at roughly last year's level for all three products. But the Indonesians have since put in their own demand. This is for a trouser quota of 2,163m, a blouse quota of 426,000, and a shirt quota of 2,39m.

Under MFA, the EEC is entitled, if no agreement is reached within two months, to impose unilateral quotas; and this procedure will be invoked in the case of trousers and blouses next week. Only Britain, which appears to have been the main target for the Indonesian textile export drive, is affected by the quota.

The Government was last night playing down the significance of the threat to retaliate pointing out that the door remained open for serious negotiations.

# Sales of lorries decline again

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE SHARP decline in demand for commercial vehicles is reflected in statistics for June registrations. They show a 23.87 per cent drop on the corresponding month of last year.

However, registrations for the half-year were only 5.47 per cent down on the corresponding period of 1978 and were roughly in line with the industry's forecast of a 10 per cent fall from last year's record 306,000.

A significant feature of the market this year was that the importers share continued to increase in spite of the overall drop in sales, a complete reversal of the historic trend.

This reflected the extra price competitiveness of imports, caused by the high value of the pound compared with the other major currencies.

In June this year the imports captured 25.74 per cent of total registrations compared with 23.83 per cent for June, 1978. In the half-year, imports accounted for 24.22 per cent of the market compared with 22.45 per cent.

The Society of Motor Manufacturers and Traders, which compiles the figures, has forecast sales of 275,000 for the full year. In the first six months of 1980 the total reached 148,541, mainly due to a record first quarter.

The forecast for the full year implies that registrations will be 16 per cent below those of 1979 each month for the rest of 1980. But the current trend suggests this might be optimistic. Much depends on the level of interest rates. One industry executive commented last night: "We would need another 2 to 3 per cent fall in interest rates to make any difference to sales."

Registrations in June totalled 21,858. This total looks better if compared, not with the record June of last year, but with the 23,300 commercial vehicles sold in June, 1978.

The total for June this year was made up of 5,357 car-derived vans (8.713 in June last year); 9,954 purpose-built vans (12,138); 940 four-wheel-drive vehicles (901); and 5,407 trucks and articulated vehicles (6,959).

# Juggernauts will have to fit under ride guards

BY OUR INDUSTRIAL STAFF

THE GOVERNMENT intends to make compulsory the fitting of rear underride guards on heavy goods vehicles, said Mr. Norman Fowler, Minister of Transport, yesterday.

This would prevent accidents when other, smaller vehicles run under the rear of a goods vehicle.

Mr. Fowler also said he would soon be bringing in tighter noise limits for new vehicles.

He outlined his plans at the formal opening of the UK truck industry's latest engineering, research and design centre built by ERF.

He said the group would be introducing its new medium-range truck, designated the "N" series, at the UK Motor Show in October.

# Wage pressure 'will ruin some haulage companies'

THE FAILURE rate among transport companies because of the recession will inevitably accelerate if pressure is put on wages, unions were warned yesterday by the Road Haulage Association.

The association, in a statement to unions before this year's pay claim—likely to be for a basic rate of £100 for top drivers—said that generally there was no cash available.

Ten per cent of road haulage companies have been forced out of business by the downturn in trade compared with last year.

Too many lorries are chasing too little freight traffic and rate cutting—by between 10 per cent and 25 per cent—is rife. Hauliers yesterday claimed to be operating with little or no profit and costs are being recovered "only with difficulty."

# CJB to help Brazil build platform

BY MAURICE SAMUELSON

ONE OF the first production platforms for Brazil's Campos Basin offshore oilfields will be built in Brazil with help from CJB, the British engineering group.

The \$46m contract has been awarded by Petrobras, the State-owned oil company, to Constructora Mendes Junior, one of the country's leading engineering groups.

CJB Offshore, the leading sub-contractor, refuses to dis-

close the size of its stake, saying merely that it is "important" and "a significant step in a new and developing market." Other sub-contractors have still to be announced and CJB hopes some of the work will be done in the UK.

The platform is for the Garopus field, the first in the Campos basin to be developed. It will stand in 115 metres of water and will be designed to handle 85,000 barrels a day.

Under a technical aid scheme, 40 CJB personnel have been working with Petrobras in Brazil for the past three years. Another major Brazilian oil contract in Brazil came to grief 18 months ago when an oil platform jacket, which was being towed to Brazil from a fabricator's yard in Scotland, sank in a storm in the North Sea. A replacement for the jacket, for the Namorado field, is being built in Brazil.

# Racial disaster near says Powell

BY PHILIP RAWSTORNE

ONLY "MAJOR" movements of population could now avert racial disaster in Britain, Mr. Enoch Powell said last night. At a New Monday Club meeting in London, while Mr. William Whitelaw, the Home Secretary, was reaffirming the Government's commitment to improving race relations, Mr. Powell warned of a "fatal eruption" of racial strife.

Changes in the population pattern in the last 20 years were almost trivial compared with the changes which could now be foreseen, he said.

A smaller black population than that in prospect would be sufficient to constitute a "dominant political force" in the UK, able to exact from Government and the main parties terms calculated to render its influence "still more impregnable."

Nothing short of major movements of population can shift the lines along which we are being carried towards disaster," he declared.

Mr. Whitelaw told Birmingham Community Relations Council, "Black people are part of Britain and part of Britain's future, entitled to the same respect, consideration and treatment as any other citizen."

The new Black Civil Rights Group commented: "Mr. Powell is having a relapse of his old illness, paranoia of black people."

Mr. Patrick Kodikara, convenor of the Afro-Asian-Caribbean convention, formed two weeks ago, said "He is admitting that the vast majority of people have refused to be infected by his sickness."

Pay deal at IPC

A MASS meeting of the 1,400 journalists who work for the International Publishing Corporation (IPC) voted to accept a 20 per cent pay offer yesterday, ending a dispute over wages which has lasted more than three months and included a six-week lock-out.

Island for sale

THE 160-ACRE Orkney Island Ennaghlin is being offered for sale. Once inhabited but now only a sanctuary for birds and seals. It is 18 miles from Kirkwall airport.

# Prince Charles opens road deck over Menai Bridge

A NEW road deck over the Britannia railway bridge, spanning the Menai Straits and a key link in the Holyhead Irish ferry route, was officially opened by the Prince of Wales yesterday.

The 600 yard reinforced concrete deck, built of steel supports above the railway line at an overall cost of £12.3m, will complement the only other road link with the mainland, Thomas Telford's suspension bridge,

half a mile away, which has become a serious traffic bottleneck.

The scheme stems from a fire in May, 1970, which seriously damaged the original tubular Britannia bridge, built by Robert Stephenson, son of the railway pioneer, in the 1840s.

Construction of the road deck was begun two and a half years ago by the Fairclough Cableway Construction Co. Husband and Company were the consultant engineers.

Pay deal at IPC

Island for sale

Island for sale

Jason Crisp takes the night train to Penzance

# 'Nobody listens to the Post Office'

ON AN average day the British public posts about 34m letters in 100,000 post boxes, addressed to 22m establishments.

The majority of those letters are posted in the late afternoon, which irks the Post Office for two reasons. First, on very long distances it can be physically impossible to deliver the next day, a first-class letter posted late, and this makes its delivery records look even worse than they are. And second, late posting of letters leads to a great surge of sorting in the early evening.

The Post Office runs advertising campaigns to persuade the public to post earlier in the day. But it admits, nobody listens.

Its big problem is with the 15m letters posted first class. The Post Office aims, but does not succeed, at delivering 90 per cent of them the next day.

About 1,000 post offices around the country make up mail bags, after sorting, to be sent to each other. But not all the sorting can be completed before it is time to put the bags on a train to take them to distant destinations. The problem is solved with what the Post Office calls its "TPO"—the travelling post offices which are in fact mobile sorting offices aboard trains.

The first ever TPO, built in 1838, was a covered horse box on the Grand Junction Railway between Birmingham and

Warrington. Even today, TPOs look from the outside as if they might still be converted horseboxes.

The TPO is like an ordinary passenger carriage without windows except for narrow slots heavily protected with very strong gauze, a constant reminder of the embarrassment

Late mail blamed on railways

THE POST OFFICE has warned British Rail that unless the reliability of the mail train is improved, it will continue to divert more letters and parcel business to air and road transport, writes Jason Crisp.

In the last two years, the percentage of letters carried by British Rail has fallen from 75 to 70 per cent of the 34m postal every day. BR's contract with the Post Office is believed to be worth about £40m.

Mr. Bernard Chainey, general manager of the London postal region, warned on Thursday night that time-keeping by British Rail was still not back to the standard of 1978, although it was substantially better than last year, the worst for many years.

Last year, the Post Office set up an internal air mail network linking airports at Exeter, Bristol, Cardiff, New-

castle, Glasgow, Gatwick, Lydd, Norwich and Bourne-

mouth. Planes chartered from six airlines flew at night to Speke airport at Liverpool when mail for each region is quickly exchanged between aircraft.

Mr. Chainey, speaking on Travelling Post Office heading for the West Country, said, "British Rail should be the natural carriers of letters never certain routes; and we should like to continue to use them; but we must take into account the cost and the service we get."

It is the second time this year the Post Office has publicly complained of British Rail's time-keeping. There are two main reasons for the Post Office's criticism of BR. First it shares some of the blame for the non-delivery of first class mail on the following day. Second, the Post Office and BR are in the last year of a three-year contract and with both organisations in danger

of exceeding their cash limits, re-negotiation is expected to be very tough.

The Post Office says that 87 per cent of first class mail was delivered the next day in April, and 88 per cent in May which was lower because of the TUC's Day of Action.

First class deliveries became particularly bad last year when, in addition to BR's difficulties on time-keeping, the Post Office itself had considerable problems largely blamed on severe staff shortages. The Post Office's present objective is to deliver 90 per cent of first class mail a day after posting. The present problems with BR are believed to account for about three per cent of missed deliveries.

Although British Rail only carry 70 per cent of letters, it does carry the vast majority of letters which travel distances of over 100 miles. At present air freight is probably used for only three to four per cent of the total.

cross the country. From Euston to Carlisle, from Newcastle to Bristol, from Paddington to Penzance, and so on. On Thursday night, the evocatively named Great West TPO, which runs to Penzance through Bath, Bristol, Exeter and a number of Cornish towns, hooked on a buffet car to show journalists the marvels of the mail.

If a buffet car was a temptation to the Post Office's 34 sorters, they did not stop for them to take a meal break. As the train hurried west at speeds of up to 100 mph, they sorted 100,000 letters between Paddigton and Penzance.

For the sorters, it is a life necessitating two homes, or more probably lodgings at least at one end of the run. They receive £16 a night accommodation allowance and a special bonus for the disruption.

At the Great West TPO, there is major interchange when it reaches Bristol where it meets up with two other mail trains, one going to South Wales and the other to the Midlands. It also meets the "up" train from Penzance. For an hour between midnight and 1 am, nearly 180 postmen switch 2,000 mail bags between the trains and take a further 750 into the nearby Bristol Post Office to a complicated dance of trolleys.

The sorting on the Great West TPO gets more and more detailed as it runs through Cornwall. By the time it reaches Penzance just after 7 am it has sorted the mail for that town into individual walks,

# JOINT COMPANY ANNOUNCEMENT WESTERN DEEP LEVELS LIMITED WESTERN ULTRA DEEP LEVELS LIMITED

(Both of which are incorporated in the Republic of South Africa)

## AGREEMENT TO EXTEND WESTERN DEEP LEVELS LEASE AREA AND FINANCING OF NEW SHAFT SYSTEM

On February 12, 1980, Western Deep Levels Limited (WDL) and Western Ultra Deep Levels Limited (WUDL) jointly announced that WDL was to sink a new shaft system in the southern portion of its lease area, and was to construct a new gold plant with a rated mill capacity of 160,000 tons a month at the site. At the same time, the two companies would enter into an agreement for the incorporation into the WDL mining lease of that portion of the WUDL mineral right area which could be reached from the new shaft system.

Agreement has now been reached whereby WUDL will cede to WDL the right to mine the Ventersdorp Contact Reef over an area of 1,321 hectares, subject to the approval of the Minister of Mineral and Energy Affairs. The mineral rights in respect of this area are held by WUDL, but Witwatersrand Deep Limited (Wit Deep) has a 23.5 per cent participation in 1,024 hectares. Wit Deep is also party to the agreement.

In return for the right to mine the extension to its lease area, WDL will allot to WUDL and Wit Deep a total of 550,000 shares of a special class, in the proportion of 454,078 shares to WUDL and 95,922 shares to Wit Deep, the division reflecting the companies' respective interests in the area. Such shares will be issued, credited as fully paid, immediately upon the above approval by the Minister. The holders of these new shares will be entitled to receive a special dividend per share, equal to the sum of the dividends per share on existing ordinary shares declared by WDL during the period between the date of creation of the new shares and their issue. Upon payment of the special dividend, such shares will become ordinary shares and rank pari passu in all respects with the existing ordinary shares in WDL. In addition, WUDL and Wit Deep will be entitled to subscribe for half of the debentures, referred to below, to be issued by WDL.

In view of the fact that the area to be incorporated into WDL's mining lease is estimated to contribute about 89 per cent of the additional gold recovered through the new shaft, the board of WDL believes that the settlement with WUDL and Wit Deep represents a fair reflection of the area's worth to the company.

The board of WDL proposes to finance the after-tax capital cost of the new shaft system by raising R120 million in the form of debentures, carrying interest at the rate of 12 per cent per annum, and by using its own surplus cash resources and short-term borrowings to finance the balance. Consequently, dividends are expected to remain much the same between 1980 and 1985 as they would have been without the new shaft. The debentures will be offered as follows:

	Amount in R millions
WDL shareholders	60,000
WUDL	49,536
Wit Deep	10,464
	120,000

As soon as the necessary formalities are complete, it is proposed that WDL shareholders will be invited to subscribe for R60 million debentures in the ratio of R240 debentures for every 100 shares held. In order to coincide with WDL's capital expenditure programme on the new shaft, WUDL and Wit Deep will only be called upon to subscribe for their proportions of the debentures, amounting to R60 million, during 1981 and 1982 in four instalments of R15 million each. All the debentures will be redeemed by way of eight annual drawings between 1986 and 1993. The 550,000 shares to be allotted to WUDL and Wit Deep will not qualify for the debenture issue to WDL shareholders.

Subscribers for the debentures to be offered to WDL shareholders will, at the time of the issue to them of the relevant debenture certificates, also be issued with options to subscribe for a total of one million WDL ordinary shares at R60 a share, in the ratio of 4 options for every R240 debentures subscribed. At the same time, WUDL and Wit Deep will be issued with options to subscribe for a total of one million shares at R60 a share in respect of their commitment to subscribe for R60 million debentures. Option holders will be permitted to exercise their options between 1988 and 1990 inclusive, either in cash and/or by tendering debentures for redemption at their par value of R1 each.

The earliest date upon which the options can be exercised occurs after the new shaft comes into production. Accordingly it is expected that the dividends on any new shares issued, as well as the redemption of the debentures, will be financed out of incremental cash flows obtained from the new shaft's production.

Application will be made for separate listings of the debentures, the share options and the relevant shares which would be issued as a result of the exercise of the options on the Johannesburg Stock Exchange and other stock exchanges where WDL shares are listed.

It will be necessary to obtain the agreement of the Minister of Mineral and Energy Affairs to a mining lease over the area concerned and for the members of WDL to approve the creation of the additional shares required and an increase in the borrowing powers of the company.

Copies of this announcement are being sent to all registered shareholders of both companies. In due course a further circular will be sent to shareholders of WDL informing them of the date and time of the general meeting to be held for the purposes stated above and giving relevant details of the agreement and the debenture issue.

By order of the boards  
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED  
Secretaries  
per: C. R. BULL  
Divisional Secretary

Johannesburg  
July 12 1980



## UK NEWS

## Three options for ruined Ally Pally

BY ROBIN PAULEY

A CLOUD of gloom hung over the ruins of Alexandra Palace yesterday as it became clear that her still-not-ashes may not like Phoenix, "now create another heir as great in administration as herself."

Rebuilding the palace around the remains of the shabby girders of the Great Hall and restoring the building to its former glory is only one option facing Haringeys Council after Thursday's fire which destroyed 60 per cent of the North London building.

Two other possibilities will be considered by the council on Monday. One is to demolish the remainder and build a new conference, community and cultural centre on the site. The other is to raze the remains and grass-over the area, adding to the park's open space.

Mr. Robin Young, leader of the council, said he would oppose any move which was a "band-wagging negative admission of defeat" such as grassing over the area. Many North London residents undoubtedly would support him, because they voted four-to-one in favour of preserving their largest landmark when it was threatened with demolition a few years ago.

But "Ally Pally," which Haringeys bought for £1 from the Greater London Council in January, has always aroused passions. People either love it or loathe the sight of it. And there will be a strong lobby wanting to be rid of it once and for all.

It has posed a fiendishly difficult and expensive maintenance problem for years. It is also almost impossibly sited, making access to concerts and exhibitions difficult from many parts of the city.

On the other hand, it is a much-loved London landmark which stood as a monument to days of former glory and grandeur in both the city's and the nation's history. It may not have been beautiful, but it was impressive in the same sort of way Cologne Cathedral is majestic rather than gracefully majestic.

There is financial incentive for Haringeys to do nothing to rebuild it. The GLC gave the council £8.5m when the building, with an enormous sigh of relief, was handed over in January.

Although it was understood the money would be used for renovation and restoration, there was no legal commitment to this effect. Much of it has been accruing interest while development plans were made for the buildings.

There also will be an insurance pay-out on the fire, which will represent one of the fire insurance market's major losses this year.

Alexandra Palace was insured for a total £47m-£51m by Haringeys Council and £16m by the GLC for its part of the building, much of which was not destroyed on Thursday. Haringeys was insured through Municipal Mutual Insurers (MMI)

and a consortium of brokers. (The largest fire loss this year was the £72.5m fire at British Aerospace's Weybridge factory in January).

The cause of Thursday's fire was still unclear yesterday. Arson has not been officially ruled out but is considered to have been unlikely. A new fire-certificate was issued for the building on April 1, although Mr. Terry O'Sullivan, chairman of the council's Alexandra Palace committee, said yesterday: "Fire precautions cannot have been adequate, otherwise it would not have burned down."

Mr. Young said precautions for getting people out of the building had been full were "sufficient to give a warning for escape." Work was due to start next week on installing more fire-escapes in the Great Hall.

Alexandra Palace's serious problems began during the Second World War when several companies tried unsuccessfully to run it commercially. It eventually passed to a local authority trust and then, in 1967, to the GLC.

It had fallen into disrepair and the famous Willis organ, destroyed in the fire, had been exposed and allowed to rust. Since then, it had been in pieces and restoration work began on it a few days ago only feet from where the fire is thought to have started.

Mr. Ellis Hillman, former chairman of the GLC arts and

recreation committee and a leader of the campaign to save Ally Pally in 1974, said yesterday: "I doubt whether the organ could ever have been properly restored without spending tens, even hundreds, of thousands of pounds."

"The loss of everything is an absolute tragedy and my great fear is that because of the previous financial problems many people may not think it worth going on with."

"The GLC may have given Haringeys £8.5m but I guess it would have needed £20m to £30m to restore Alexandra Palace properly. Rebuilding will be very costly but I hope they do it. For some, the loss will be simply too good to be true." In recent years, basic maintenance and upkeep had cost the GLC £500,000 a year.

Nevertheless, Haringeys tried to make something out of it since January. On Monday work was due to begin to put a new roof on the roller-skating rink and to roof-over the Italian Garden. It was planned to turn the building into a conference and exhibition centre, doubling as a local cultural and musical venue. The Great Hall alone could hold a choir and orchestra of 2,000 and an audience of 12,000.

A three-day jazz festival, due this weekend, has been cancelled because the entire park must now stay closed until the rest of the building and the Great Hall skeleton can be

declared safe. The next scheduled major event is Haringeys Show at the beginning of next month.

But throughout this century the Great Hall and the annexes have not seen the bustle and activity of their heyday in the 1880s and 1890s. Then they were in constant use for concerts, entertainments, touring acrobatic shows and musical revues. After the vigorous campaign to save it in 1974 Ally Pally had a brief moment of splendour recaptured with its centenary celebrations in 1975.

But then the financial problems returned. The Environment Department resisted all efforts to have the building listed, and when the Tories took control of the GLC in 1977 they decided not to pursue an active policy to revitalise the building beyond basic maintenance.

Alexandra Palace was planned on a grand scale after the International Exhibition closed in 1882. No expense was spared in building the complex of halls. They combined Victorian heavy-girder construction engineering with grandiose style and proportions.

It was named after Princess Alexandra and opened to the public on May 24, 1873. Sixteen days later it burned to the ground. Rebuilding work began immediately and it was reopened two years later. This time, history may well not repeat itself.

## LABOUR

## ICI white-collar staff take action over pay

BY PAULINE CLARK, LABOUR STAFF

INDUSTRIAL ACTION taken nationally for the first time by white collar staff in ICI yesterday was said by the company to have left production operations "totally unaffected."

But the Association of Scientific, Technical and Managerial Staffs, one of the unions involved in the action over pay, denied there had been only a lukewarm response.

It claimed that 10,000 staff, angered at the company's failure to improve a 16 per cent pay offer, had joined in some form of action, including 24 hour strikes and demonstrations outside works gates.

Union officers in ASTMS and TASS, the white collar section of the Amalgamated Union of Engineering Workers, will meet their national ICI staff committees today when the possibility of further action will be discussed.

The company said yesterday that it was unlikely that any new management initiative on pay would be taken in response to yesterday's action.

It said its offer of a 16 per cent rise from June 1, following a 3 per cent inflation award in January, was final and had already been accepted by nego-

tiators for 50,000 manual workers. The unions claim 23,000 staff are covered by the present staff pay agreement. Between 10,500 and 17,000 are trade unionists, it was said.

The company described yesterday's action as "sporadic" with less than 2,000 having taken part in a strike although others had joined in alternative forms of protest. Those on strike represented about 2 per cent of ICI's total workforce.

Unions said most of the main ICI centres were affected, with the Tresside petrochemical division "totally disrupted."

## Clegg error 'must be corrected'

By Philip Bassett, Labour Staff

TEACHERS' EMPLOYERS told the arbitration panel examining this year's teachers' pay settlement that if the Clegg Commission's £130m error over last year's deal is not corrected beyond doubt it could have serious consequences for local government pay bargaining in the next wage round.

This year's deal for the 470,000 teachers in England and Wales was referred to arbitration when the employers' side cut its 13 per cent offer to 9.2 per cent to take account of the 4 per cent erroneously awarded by the commission.

The arbitration panel's findings are expected in 10 days' time. Teachers' unions want about 21 per cent.

The employers say the arbitration is over matters of principle above and beyond this year's pay deal. They said in evidence that the panel's award "should be considered against the background of national policies on public-sector pay."

They oppose an increase in line with the rate of pay increases as being "inflationary and arithmetically questionable."

They say that if the error is not corrected now, then "in the eyes of the commission, large" teachers will have been overpaid by 4 per cent.

## Biggest steel union accused of 'poaching'

BY CHRISTIAN TYLER, LABOUR EDITOR

A FORMAL complaint is being made to the TUC about a recruitment drive among British Steel Corporation managers by the biggest steel union.

The Iron and Steel Trades Confederation is being accused of breaching the TUC's anti-poaching rules by trying to win Steel Industry Management Association members on the eve of their ballot about a merger with another TUC union.

The complaint cannot be made by the association because it is not a TUC member. It will be lodged by the union, the Electrical and Plumbing Trades Union's white-collar section EESA.

The confederation circulated managers with a specially-pre-

pared booklet after the announcement of the merger plan and ballot, to be held later this month. The confederation has 2,000 members in the relevant grades against the association's 12,200. Its attempt to merge with the association failed recently, mainly because of the reluctance of the association's rank and file members.

Mr. Robert Muir, the association's general secretary, said last night his union was sending out its own literature "to deal with the EISA propaganda."

107,000 members, including most production workers, the confederation considers it is the natural focus of any further union mergers within British Steel.

## ITN drops Olympics plan

BY PAULINE CLARK

MANAGEMENT at Independent Television News said yesterday it had cancelled its plans to use video transmission from the Moscow Olympics because of failure to reach agreement with its journalists.

The company had hoped to use electronic news gathering equipment (ENG) including the video cameras in Moscow, but it will now have to rely solely on the more time-consuming filming process.

The 105 journalists at ITN, who earn on average £9,000 a

year, are demanding a 10 per cent increase in their pay, and earlier deadlines imposed on them by the use of ENG.

So far, little progress has been reported in talks between management and the ITN chapter (union branch) of the National Union of Journalists, in spite of agreement reached earlier this week with the technicians' union, the Association of Cinematograph, Television and Allied Technicians.

## Duffy seeks car talks

A UNION president yesterday called on the Government to impose import controls on selected foreign cars. Mr. Terry Duffy, of the Amalgamated Union of Engineering Workers, said the alternative to this and other measures would be the end of Britain's motor industry, and more unemployment.

He said he and Mr. Moss Evans, general secretary of the Transport and General Workers' Union, would see Mr. John Wood, Trade Secretary, on Monday to call for action.

Their message would also go to the EEC commissioner in charge of industrial policy.

## Prior says 'no State aid for textile industry'

BY JAMES McDONALD

UNEMPLOYED YORKSHIRE textile-workers were told yesterday by Mr. James Prior, Employment Secretary, that there was no hope of Government aid for their industry.

Mr. Prior, who was visiting Huddersfield, where over 1,500 textile-workers have lost their jobs this year, said: "There is no particular offer of cash or help that I can give. The Government is deeply concerned about the level of unemployment and we will do what we can to mitigate it, but it is going to be tough."

The Minister, touring the North to see how employment has been hit in the area, also warned those in employment that there would have to be sacrifices in the coming round of wage-claims and settlements if

inflation was to be brought down. "The sooner we realise that, the quicker we shall get through this recession."

The Yorkshire had been hard-hit by the recession and the high value of the pound was making exports less competitive. But, said Mr. Prior, the Government was helping as much as possible through the temporary short-time working scheme, and other consultations were going on. He could not say there were any simple solutions.

The Church of England yesterday entered the unemployment debate. The General Synod, meeting in Westminster, passed a motion calling on the Government to "encourage creation of new jobs as of the highest priority."

The Rt. Rev. Simon Phipps,

Bishop of Lincoln, introduced a Church working party report on Work and the Future. He said every Government's policies left casualties. "It is for people like us to make it a political issue."

All political parties and appropriate agencies should work together, urgently to explore the whole area of alternative occupations. "If the future economy is not going to provide employment for a sizeable section of our community,"

he said this suggestion had "nothing whatever to do with getting value for money out of the dole. I am not interested in that idea, and I would reject it."

The churchmen also attacked their working party report for not suggesting enough ways of fighting unemployment.

## Second careers for teachers urged

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

EMPLOYERS should be encouraged to help older staff capable of teaching mathematics, sciences, craft, design and technology to train for a second career in schools, said Lady Young, Minister of State for Education and Science, in Solihull yesterday.

Ways of overcoming the teacher-shortage of such subjects was important to the economy. The Government was willing to consider awarding them supplementary pay and better promotion prospects.

Some companies were already enabling staff to find out about teaching, Lady Young said at a conference of the Council of Local Education Authorities.

Lady Young thought differential pay would not be enough to attract the potential teachers.

Besides encouraging entrants from industry, local authorities could ask qualified married women teachers to return to schools. There could also be a special scholarship scheme to attract suitable teenagers into teacher-training.

Lady Young said one of the Government's aims was to make education more responsive to industrial needs. Part of this task was up to employers.

They had "a responsibility, not only to make known in clear and realistic terms what they look for in new recruits, but also to consult with schools and colleges, the better to appreciate what those recruits have to offer in experience and achievements on which further training can be built."

## Four businessmen to lead education inquiry talks

FOUR LEADING businessmen are to head discussions as part of the first large-scale inquiry into UK higher education since the 1963 Robbins Committee, writes Michael Dixon.

They are Sir Kenneth Berrill, chairman of Vickers Da Costa; Sir Adrian Cadbury, Cadbury Schweppes, chairman; Sir Alastair Pilkington, chairman of Pilkington's, and Sir Michael

## Producing again

METRO-CAMMELL, the Birmingham rail car manufacturer, returned to full production yesterday when a six-week pay dispute involving 150 contract

electricians was settled. The Electrical and Plumbing Trades Union said the increase from £141.50 to £157.50 for a 39-hour week would help to compensate for a rise in earnings arising from amendments to a bonus scheme. The electricians are employed by GEC Traction in Manchester.

## Duffy seeks car talks

A UNION president yesterday called on the Government to impose import controls on selected foreign cars. Mr. Terry Duffy, of the Amalgamated Union of Engineering Workers, said the alternative to this and other measures would be the end of Britain's motor industry, and more unemployment.

He said he and Mr. Moss Evans, general secretary of the Transport and General Workers' Union, would see Mr. John Wood, Trade Secretary, on Monday to call for action.

Their message would also go to the EEC commissioner in charge of industrial policy.

## F.T.-ACTUARIES SHARE INDICES QUARTERLY VALUATION

The market capitalisations of the groups and sub-sections of the FT-Actuaries indices as at June 30, 1980, are expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters.

EQUITY GROUPS & SUB-SECTIONS		Market capitalisation as at June 30, 1980 (£m.)	% of All Share Index	Market capitalisation as at Mar. 31, 1980 (£m.)	% of All Share Index	Market capitalisation as at Dec. 31, 1979 (£m.)	% of All Share Index
1 CAPITAL GOODS GROUP (172)		10,871.0	14.41	9,811.0	14.51	9,135.4	14.20
2 Building Materials (28)		1,177.3	8.89	1,056.5	8.21	1,728.0	2.78
3 Contracting Construction (27)		915.5	1.21	870.9	1.30	680.5	1.22
4 Electricals (5)		5,571.1	4.88	5,160.0	4.70	5,093.5	4.41
5 Engineering Contractors (11)		245.5	0.46	508.1	0.46	325.3	0.55
6 Mechanical Engineering (74)		2,680.8	3.48	2,375.6	3.24	2,215.9	3.00
7 Metals and Metal Forming (16)		1,185.4	1.57	1,344.8	1.70	1,044.5	1.45
11 CONSUMER GOODS (NON-DURABLE) GROUP (49)		2,906.0	3.86	2,707.5	4.05	2,550.4	3.95
12 L. Electronics, Radio, TV (14)		2,090.1	2.77	1,951.8	2.80	1,661.0	2.64
13 Household Goods (14)		144.9	0.12	182.0	0.23	170.5	0.26
14 Motors and Distributors (21)		674.5	0.90	695.5	1.03	698.8	1.09
21 CONSUMER GOODS (DURABLE) GROUP (172)		17,695.3	95.78	16,410.2	94.44	15,979.7	94.79
22 Breweries (14)		1,227.6	9.98	1,032.1	8.01	1,059.3	8.00
23 Wines and Spirits (5)		909.7	1.21	820.1	1.24	818.0	1.24
24 Entertainment, Catering (17)		1,585.9	2.11	1,588.3	2.34	1,501.7	2.04
25 Food Manufacturing (21)		5,135.5	4.13	5,440.4	3.66	5,470.4	3.28
26 Food Retailing (13)		1,138.1	1.59	1,451.6	2.16	1,454.5	2.25
27 Newspapers, Publishing (13)		206.4	0.41	272.4	0.40	246.2	0.39
28 Packaging and Paper (15)		802.3	1.20	866.4	1.28	801.4	1.25
29 Stores (42)		5,580.8	6.98	4,946.8	7.27	4,992.8	7.28
30 Textiles (24)		745.5	0.99	685.9	1.02	696.1	1.02
36 Tobacco (3)		1,887.5	2.11	1,440.8	3.16	1,480.7	3.25
37 Toys and Games (5)		94.0	0.05	25.8	0.04	43.2	0.07
41 OTHER GROUPS (59)		10,127.5	12.45	8,205.6	10.72	5,876.5	10.22
42 Chemicals (16)		5,501.4	4.64	5,159.7	4.76	5,099.4	4.73
43 Pharmaceutical Products (7)		1,710.0	2.27	1,543.6	2.30	1,513.1	2.27
44 Office Equipment (6)		590.4	0.78	564.4	0.87	558.7	0.87
45 Shipping (10)		878.4	0.90	697.7	0.98	588.5	0.89
46 Insurance (60)		5,820.5	4.84	5,289.1	4.81	5,158.5	4.80
49 INDUSTRIAL GROUP (482)		41,825.2	56.49	38,154.9	56.25	36,411.5	56.25
51 Oils (5)		11,494.3	16.84	10,129.5	16.10	9,786.5	16.00
55 500 SHARE INDEX		55,297.1	70.66	48,293.5	71.22	44,507.6	72.25
51 FINANCIAL GROUP (118)		17,718.8	18.10	11,908.8	17.48	11,411.5	17.26
52 Banks (6)		5,272.4	4.46	2,977.2	4.36	2,446.5	4.36
53 Discount Houses (10)		164.9	0.28	131.6	0.20	126.6	0.20
54 Hire Purchase (5)		301.1	0.40	282.9	0.37	221.7	0.37
55 Insurance (16)		1,837.9	3.04	1,214.9	1.81	1,186.5	1.81
56 Insurance (Composite) (8)		2,977.5	2.59	2,355.6	3.48	2,280.0	3.48
57 Insurance Brokers (13)		545.1	0.88	744.4	1.11	658.3	1.11
58 Merchant Banks (9)		600.5	1.00	476.5	0.71	708.5	0.88
59 Property (45)		5,217.5	4.86	3,297.7	4.46	2,970.5	4.46
60 Miscellaneous (11)		786.4	1.05	519.2	0.92	507.7	0.92
71 Investment Trusts (100)		4,386.0	5.79	3,665.5	5.46	3,464.1	5.46
81 Mining Finance (4)		2,394.9	3.16	1,894.1	3.21	1,828.5	3.21
91 Overseas Traders (19)		1,661.5	2.20	1,608.9	2.23	1,265.4	2.23
99 ALL-SHARE INDEX (750)		75,451.1	100	67,146.5	100	54,155.9	100

## BASE LENDING RATES

A.B.N. Bank	16 %	■ Hambros Bank	16 %
Allied Irish Bank	16 %	■ Hill Samuel	16 %
American Express Bk.	16 %	C. Hoare & Co.	16 %
Amro Bank	16 %	Bongkook & Shanghai	16 %
Henry Ansbacher	16 %	Industrial Bk. of Scot.	17 %
A P Bank Ltd.	16 %	Keyser Ullmann	16 %
■ Arbuthnot Leatham	16 %	Knowles & Co. Ltd.	18 %
Associates Cap. Corp.	16 %	Langris Trust Ltd.	16 %
Bank of Biltmore	16 %	Lloyds Bank	16 %
Bank of Montreal	16 %	■ J. F. Mansion & Co.	17 %
Bank of Cyprus	16 %	Midland Bank	16 %
Bank of N.S.W.	16 %	■ Samuel Montagu	16 %
Banque Belge Ltd.	16 %	■ Morgan Grenfell	16 %
Banque du Rhone et de		National Westminster	16 %
la Reunion S.A.	16 1/2 %	Norwich General Trust	16 %
Barclays Bank	16 %	F. S. Benson & Co.	16 %
Bremar Holdings Ltd.	17 %	Rossminster	16 %
Brit. Bank of Mid. East	16 %	Ryl. Bk. Canada (Ldn.)	16 %
■ Brown Shipley	14 %	Schlesinger Limited	16 %
Canada Perm't Trust	17 %	E. S. Schwab	16 %
Cayzer	16 %	Trustee Trust Co. Ltd.	17 %
Cedar Holdings	17 %	Standard Chartered	16 %
■ Charterhouse Japhet	16 %	Trade Dev. Bank	16 %
Choulartons	17 %	Trustee Savings Bank	16 %
C. E. Coates	16 %	Twentieth Century Bk.	16 %
Consolidated Credits	16 %	United Bank of Kuwait	16 %
Co-operative Bank	16 %	Whitney Ltd. Law	16 1/2 %
Corinthian Secs.	16 %	Williams & Glyn	16 %
The Cyprus Popular Bk.	16 %	Winttrust Secs. Ltd.	16 %
Duneco Lawrie	16 %	Yorkshire Bank	16 %
Eagel Trust	16 %		
E. F. Trust Limited	16 %	■ Members of the Accepting House	
First Nat. Pmt. Corp.	19 1/2 %	Committee.	
First Nat. Secs. Ltd.	19 %	7-day deposits 14% 1-month	
■ Robert Fraser	16 %		
■ Antony Gibbs	16 %	† 7-day deposits on sums of £10,000	
■ Greifground Guaranty	16 %	and under 14%, up to £25,000	
■ Grindlays Bank	16 %	14% and over £25,000 14 1/2 %.	
■ Guinness Mahon	16 %	‡ Call deposits over £10,000 14 %.	
		■ Demand Deposits 14 1/2 %.	



## THE WEEK IN THE MARKETS

## Weather remains dull but stocks shine

## LONDON

ONLOOKER

The equity market's June rally is pushing on well into July, but towards the end of the past week there were signs of heavy weather. It may have been no more than profit-taking at the end of the account, but there was a distinct weakening in the last few days, on Wednesday the market had promised to reach a new high on the All-Share index and to push above 500 on the FT 30 Share. However, to judge by last night's surge, the bulls are still in good heart.

GIIT-edged were slightly ruffled by Tuesday's banking figures by no means poor in themselves, but the previous week's cut in Minimum Lending Rate had led the market to expect something special. The result was that the new stock up for tender on Wednesday morning, Treasury 12 per cent 1987, was mostly left on the shelf. A little of this stock was supplied the following day, but for a change there was still a tap in the market, as the week-ended, especially as the Government Broker produced another tranche of the high taxpayers' stock, Exchequer 3 per cent 1983, yesterday evening.

## Metals lure BP

This week's elephantine bid by BP for mining houses Selection Trust will surely merit a place in the Guinness Book of the Business World. BP brought a good deal of excitement to the market on Monday when it revealed an agreed bid which valued ST shares at £12.90 each, an aggregate value of around £410m. There was also a cash alternative of £12.75 per share and shareholders may accept any mixture of cash and shares.

The last time the City saw a transaction of anywhere near this size in money terms was back in 1973 when Grand Metropolitan took hold of Watney Mann for £378m. But that was much more a merger while the BP-Selection Trust deal promises to be an exercise in diversification. BP has made clear however, that while it regards the deal as a prudent absorption of a mining business, it is not a separate company within the BP family.

The route BP has chosen to enter the minerals business seems a good one. ST's interests range from nickel, copper and zinc in Western Australia to a stake in the Dupont gold mine

in South Africa. There is also copper, silver and zinc in Quebec and a valuable 7.5 per cent stake in Amstar, the big U.S. mining group.

BP's cash offer places an enormous premium upon ST's market value ahead of the bid approach, but ST shares have come up to within pennies of the £12.75 cash alternative. Meanwhile, BP's share price has come off 28p in the last week, down from 374p to 346p yesterday; at this price the bid values ST at around £396m. Selection Trust shareholders may now be in some doubt as to the best course of action. A share acceptance offers tax advantages, but the cash is a sure thing and leaves one free to invest in other mining groups if so desired.

## Imps' gremlins

Imperial Group's shareholders are a patient lot. The current year to October looks as though it will be the fifth successive year of pre-tax profits in the £130m area for all the group's huffing and puffing about diversification into new areas of corporate endeavour. Nearly a decade after Imps began to try to reduce its dependence on tobacco, cigarettes remain not only the largest, but the fastest-growing source of earnings; in the most recent half-year thanks to good pre-Budget sales and a temporary lessening of competitive pressures.

The biggest disaster is still the food division, where Imps' continuing problems at Eastwoods—in retrospect a most unfortunate acquisition—have been augmented by difficulties in the North American poultry market, where prices have fallen steeply. Unlike British egg prices, though, they now seem to be recovering, and the second half may be less bad in the U.S. The brewing figures have been artificially boosted by the switch of Imps' interest in the now-dissolved Harp consortium from associate to subsidiary status, and paper and

packaging is now making no money at all at the trading level.

Imps is deeply worried about the trends of UK consumer spending upon which it is so dependent. Courage is seeing volume sales fall at the moment, competition in the car hire market seems likely to increase again, and even the healthiest parts of the food division must be under some pressure. So although this year will benefit from a positive contribution from Howard Johnson, which will be included for the strong summer season, the group is looking for a decline in profits from last year's £136.7m. No wonder the shares fell steeply after the announcement on Thursday; the yield of well over 13 per cent is a measure of the market's disillusionment.

## News down under

It may be a little early to be certain but it looks as though Mr Rupert Murdoch's Australian master company, News Corporation, will win total voting control of its sister newspaper publishing company in the UK, News International, without much resistance.

The formal NC offer documents for the 50.1 per cent of the equity it does not own were published during the week. They do little to flesh out the bones of a complicated reorganisation other than to highlight the Australian company's heavy borrowings and to indicate that the dividend applicable to the new shares will be paid in sterling and equal to the dividend paid on NC's equity. One of the principal benefits is that the remittance will be treated as franked income by the UK authorities.

What does rankle, however, is the disenfranchisement of NI shareholders for only in the event of a winding up will the new shareholders have a right to vote. Possibly, that may not matter overmuch but the new capital should be treated as a form of income stock, participating only in the growth of dividends rather than earnings per share. Those accepting must hope that level of attributable and distributed profits will always be closely linked.

NI certainly has a good track record and there are grounds for believing that the combined company has strong growth prospects but disenfranchisement runs against the trend of City opinion.

Mr Murdoch needs the acceptance of 75 per cent of the free votes when the issue is decided at the end of this month. The City has seen no moves to block the proposals and any NI institutional holders unwillingly to comply, or prevented from doing so by trust deeds, still have an opportunity to sell in the market. The shares have been trading at 20p over the previous suspension price of 163p.

## Lorho looms

The recent performance of the Lorho share price has been raising a few eyebrows around the city. Since the company's attempt to hike House of Fraser's dividend foundered at last month's Glasgow show-down, the shares have crept up from 96p to Thursday's close of 112p.

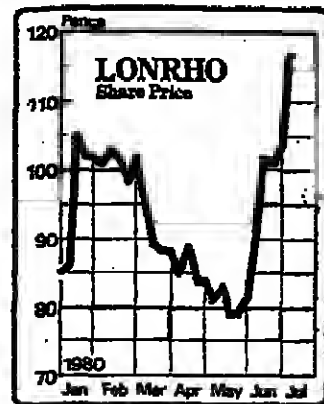
The main buying has apparently come from South Africa,

where news of a new goldmine has inspired enthusiasm and from the U.S., where a leading securities house has been chasing the shares. The effect has been to bring House of Fraser back within the target of £203m.

Assuming that Lorho would pay a 25 per cent premium on the 70 per cent of Fraser that it does not already own, the current price-lag works out at £168m.

This would still be quite a mouthful since Fraser shareholders could well look askance at an offer with a heavy paper content, but Mr Rowland might be tempted to take a leaf from S. and W. Berisford's book, making a rights issue well ahead of time, to stock up with cash. He might find Lorho's own shareholders more willing to accept new paper than Fraser's.

A rights issue would probably cause some short-term weakness in the share price but Lorho can afford to wait, particularly if conditions in the retail sector continue to deteriorate. There have recently been several bullish factors fuelling the rise in the Lorho price. Apart from news of the new mine, the 20d price has enjoyed a resurgence and analysts have been upgrading their forecasts for Lorho's interim figures, due next week. The iron looks hot.



## MARKET HIGHLIGHTS OF THE WEEK

	Price	Ytd	Change on Week	1980 High	1980 Low	
F.T. Ind. Ord. Index	493.0		+ 9.2	495.0	404.9	Profit-taking absorbed
F.T. Govt. Secs. Index	70.73		+ 0.76	70.73	63.85	Inflation/int. rate hopes
Akroyd and Smithers	340		+47	340	204	Increased Stock Exchange turnover
BP	348		-26	412	320	Stock Indigestion
Burnett and Hallamshire	760		+105	760	470	Big hopes
Carlisle Capital	119		-30	152	68	Chairman's cautious remarks
Derrington (G. H.)	124		+14	125	98	Good second-half performance
Ferranti	435		+48	445	400	Investment demand
Harris Queensway	148		-22	208	126	Downgraded profits forecast
Imperial Group	81		- 6	89½	71½	Disappointing int. statement
Plessey	209		+18	209	108	Bid hopes
Polly Peck	118		+33	128	6	Speculative demand
Ransomes Sims and Jefferies	168		+26	170	108	Investment recommendation
Samantia	101		-43	156	28	Profit-taking in Australians
Sotheby	458		-77	555	385	Interim statement disappoints
Scanhope General	195		+40	215	124	Agreed offer from Dares Estates
Sirata Oil	126		+26	130	10	Woodside 2 nears target depth
Tebbit Group	38		+10½	38	14	Bentley and Slater buy stakes
Vinten	154		+26	155	114	Results due next Monday
Waddington (John)	138		+22	138	104	Recovery prospects

## The 900 barrier

## NEW YORK

DAVID LASCELLES

SO NEAR, but yet so far. For the fourth time in three years, the market made a valiant effort to gain a firm footing above the 900 level of the Dow Jones industrial average, only to come tumbling back again.

In fact the Dow crossed 900 in inter-day trading on numerous occasions during the week—and hit a high point of nearly 909 on Wednesday afternoon. But each time, it was repelled by heavy selling that was quite obviously triggered by investors (or computers), who are stuck with the idea that 900 is the moment to get out.

The insurmountability of 900 is depressing enough, and it makes a lot of people wonder when, if ever, the market will break through. But what makes it worse is that on the three previous occasions, when the market failed at this level, it fell back 100 points in less than a month.

Is this what will happen this time? With any luck, no. The previous peaks (in late 1973, late 1979 and early 1980), all came when the market was basically in a downward mood, with investors bitterly discounting the long expected recession. Interest rates were high, the economic prospects were uncertain, and things were plainly going to get worse.

This time the picture is quite different. The economy is in recession, interest rates are sharply down from their April levels, and things should now be getting better. There is also an immense amount of money hanging over the market: \$75bn in money market funds which will have to be liquidated soon, and as much as \$360bn in maturing certificates of deposit.

That's why a lot of market analysts think the 900 barrier is now vulnerable. And, of course, if the market does break through, it would wipe out all the 900-sell psychology and move into a new trading range.

In the two previous recessions (1970 and 1975), the Dow gained more than 400 points from trough to peak over a couple of years. So far it has only advanced 140 from the spring low.

In the coming days, a lot will depend on how the Federal Reserve Board handles credit policy. Although the prime rate is still coming down (Citibank

led the way from 11½ per cent to 11½ per cent yesterday), the underlying money market has turned mushy, and it badly needs a firm signal from the Fed that interest rates can go down still further.

This week also brought some hopeful news on the economic front. Housing and retail sales are both up quite sharply for the first time in months—possibly a sign of a turnaround in the recession. But prices are still rising; the producer price index, which measures wholesale prices, was up 0.8 per cent in June, a lot more than the 0.3 to 0.5 per cent rises of previous months.

The half-yearly reporting season, now under way, will also impact the market for the next week or two. So far, the biggest industry to report is banking, and earnings there are sharply higher, thanks to soaring interest rates earlier this summer. But the rest of corporate America is not expected to produce such heartening news. Indeed, Ford gave Wall Street a sharp reminder of the problems by slashing its dividend from \$1 to 30 cents on Thursday. The wood products companies also turned in lower profits because of the slump in housing.

Next week should produce some results from the big oil companies—always the high spot of the results season. But though profits will be high, the percentage rise will be a lot lower than in previous quarters because year on year comparisons are skewed by spectacular 1979 figures. The weakness of oil prices may also have taken some of the edge off earnings since the sharp run up at the beginning of this year.

On the merger front, Penn Central, the once bankrupt railroad, proved it is once again a force to be reckoned with by bidding \$680m for GK Technologies, one of the U.S.'s largest cable makers. The \$45 per share offer marks a big premium over the \$29 recent price of GK. But clearly Penn holds out big hopes both for GK, and for what the deal can do to its own re-emergence as a major corporation.

A turn of events also developed over J. Ray McDermott's \$28 a share bid for about 20 per cent of Fullman, the transport engineering concern. Pullman rejected the approach and may now seek a merger with somebody else. This fulfilled Wall Street expectations: Pullman shares have been trading well above \$28 and actually hit \$33 in the numbers of a counter bid.

MONDAY 896.21 + 9.30  
TUESDAY 897.36 + 0.65  
WEDNESDAY 897.27 - 0.03  
THURSDAY 885.72 - 11.35

## The market rallies round

## UK EQUITIES

IAN RODGER

LED BY some of the major names in British manufacturing, the sharp stock market recovery of the past six weeks looks to some like the beginning of a great bull market.

The FT 30 Share Index has gained almost 20 per cent since the beginning of June and the FT-Actuaries All-Share Index has risen 15.4 per cent, grazing its all-time high of 283.82 reached on May 4, 1979, the day of the Thatcher Government's election.

For others, however, the rally is a flash in the pan, sparked by reflex reactions to lower interest rates rather than any confidence that company fortunes will start soon to improve.

This week, amid more indications of uncertain economic trends, it was difficult to find institutional investors who believe the rally will be long sustained.

Those not under pressure by the need to find a home for incoming cash were claiming that they preferred not to participate confident that the rally would soon be engulfed by dismal half-year company figures and forecasts.

For example, a lowered 1980 profit forecast from Imperial Chemicals on Thursday was held partly responsible for a 3.6 point drop in the FT 30-Share Index that day. Even some of those pension fund managers who continued to buy seemed to lack enthusiasm.

The rally got under way on June 2 after the FT 30 touched a low for the year of 412. It had risen to 483 last Wednesday. Over the same period, the FT-Actuaries Industrial Group

gained slightly less, 17.6 per cent, while the All-Share Index, which weathered the slump early this year better than the FT 30, rose 15.4 per cent.

The main participating groups in the rally have been mining finance, up 37.9 per cent, capital goods, up 22.1 per cent and merchant banks, up 25 per cent.

The glaring absentees have been the oil group which led the market earlier in the year. The FT-Actuaries Oil Index has risen only 4.9 per cent since the beginning of June.

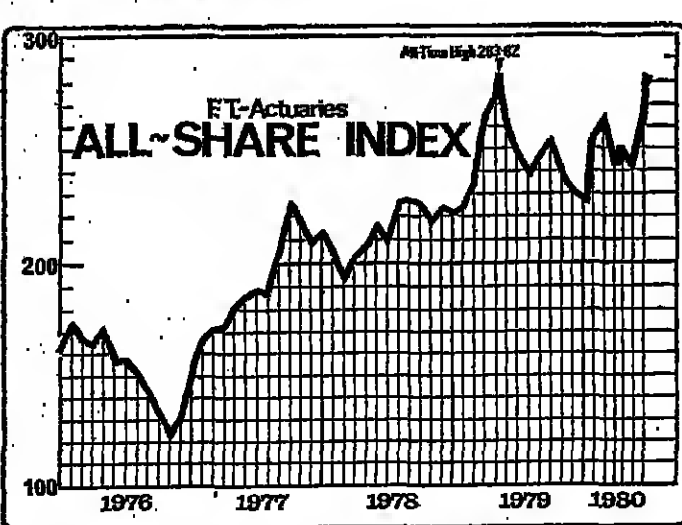
Within the FT 30, the shares that have risen the most in the past six weeks include Plessey (51 per cent); Hawker-Siddeley (41 per cent); Turner and Newall (34 per cent); Connaught (31 per cent); Bechtel (29 per cent); GEC (28 per cent) and Tate and Lyle (28 per cent).

At the bottom of the list is BP, having gained only 4 per cent in this period with Lucas (7 per cent) and UDS, Cadbury and John Brown (8 per cent) and ICI and GKN (10 per cent) also falling poorly.

A rich crop of takeover bids has helped to stimulate demand, especially the huge £410m offer early this week by BP for Selection Trust. Selection Trust shares jumped from 670p in mid-June before the BP approach was announced to £124 this week after the £12.75 a share bid. The offer also pushed up the shares of Charter Consolidated, which has an approximately 26 per cent interest in Selection Trust.

Other fast-rising shares affected by bids or bid approaches include Proprietors of Hays Wharf, Rolls-Royce Motors, Unicorn and Wilkinson Match.

A more unusual stimulus came this week from the



National Coal Board pension funds which invested more than £10m in three investment trusts, Drayton Premier, Lake View and Alliance Trust. The NCB, buying has helped the shares of other trusts and the investment trust discount, which has already narrowed in recent weeks, was down to 21 per cent Thursday from 24 per cent on Monday.

The rally has proceeded despite some substantial placings and rights issues. Big lines of B.A.T. Industries, Ferranti and Pilkington shares have been on offer while Land Securities, S. and W. Berisford and British Home Stores have made large rights issues.

The first underlying reason for the rally given by institutional investors surveyed this week was the decline in interest rates. In theory, the international trend of falling rates which was followed in Britain last week with a 1 per cent cut in MCLR should mark the approach of the turning point in the economic cycle with industry benefiting immediately from lower interest rates and ultimately from general economic recovery.

The most depressed shares, particularly in manufacturing, offer in many instances the additional attraction of high yields. At the beginning of June, for example, the gross dividend yield among shares in the capital goods sector was 7.15 per cent. Recent buying has knocked it back to 6.03 per cent.

"Yields are still high in historic terms and I think we are on the right side of the recession," one investment manager said. "A lot depends on the pace of the fall of interest rates though I think it will be slower than many people think."

The June banking figures this week were not as good as some had hoped and the news of excessive public spending was discouraging but fund managers

## Wondering why they bother

IT CAN BE difficult at times to understand quite why mining companies go to what is often considerable trouble to dig things out of the ground, when the prices they receive for the results of their labours are in most cases governed by factors beyond the control of the company.

No one could hold the South African mines in the Consolidated Gold Fields group responsible for the volatility of the gold price this year, and it is true that they benefited from the astronomical heights reached during the first quarter.

This week's report of second quarter results from the mines showed the effects of the comparative weakness of the gold market in April-June, however, when the average price received by the mines in the group was \$558 per ounce, well down on the first quarter's \$634.

The price decline, the trend towards mining lower grades and the rise in working costs all combined to leave profits 23.6 per cent down at the operating level at R392m (£214m). Lower tax charges and higher sundry income reduced the fall at the net level to 14.6 per cent.

Staying in South Africa, the half-year sales figure from De Beer's Central Selling Organisation showed the effect that the economic recession is having even on a market as tightly controlled as the one in diamonds.

A higher figure for sales during the first half just ended was mainly the result of price increases, and should not be allowed to obscure the underlying fall in the volume of stones sold.

With stocks at the cutting centres at historically high levels, and the recession continuing, all the indicators point to a further decline in diamond sales in the second half—certainly in terms of volume, and possibly in value terms as well if there are no price increases.

Still with diamonds, this week saw the publication of another quarterly progress report from the Ashton joint venture in Western Australia. There were hints earlier in the year that this report would have something really exciting to impart, but in the event it is a record of steady and worthy progress to which the stock market, usually a fair judge in such matters, reacted with studied indifference.

It seems just about certain that there will be mines at Ashton, and there is no question that there are a lot of diamonds there. The only question mark over the project's future is the size of the stones. Most of those found so far are very small, and this is the section of the market which reacts most violently to general economic pressures.

Moving from diamonds to base metals, the announcement this week that construction work has started at Cominco's Polaris lead-zinc mine high in the Canadian Arctic gave some idea of the scope of the problems faced by mining ventures in far northern regions.

The only surprise is that anyone felt it worth the trouble to develop deposits in these latitudes, although the high ore grades of the mines shown in the map, especially those of Polaris, must have been a great temptation.

Turning to coal, it looks as though things are finally coming right for the Oaky Creek coal project in Queensland. The finalisation this week of 15-year contracts with three European steel producers has solved the mine's major problem, the absence of an outlet for its projected 2.25m tonnes of coal per year.

America's Houston Oil and Minerals bravely went ahead with construction work at a time when it seemed that no one in Australia wanted to be involved in a mine without a guaranteed market for its output.

The only cloud on the horizon now is the attitude of the Australian Government, which requires that all new mining ventures must be 50 per cent owned by Australian interests.

Oaky Creek does not meet that requirement—the only domestic stake is the 40 per cent held by MIM Holdings, and even that company is controlled by Asarco of the U.S.

This puts the problem firmly back in the Government's lap. Houston Oil and the other participants can only hope that the

authorities use the right they have to waive the 50 per cent rule when they feel that it would be in the national interest to do so.

Another problem to which the Australian Government will soon have to turn its attention concerns the proposed takeover by BP of Selection Trust and, more specifically of ST's 78.3 per cent stake in Seltrust Holdings.

This company was set up last year to group ST's operating interests in Australia, and it has participations in the Mount Newman iron ore project, the Agnew nickel mine and the Teutonic Bore copper-zinc-silver deposit. In addition, it owns the drillship "Regional Endeavour" and a 75 per cent share in a substantial exploration programme, with the remaining 25 per cent under the control of ST.

Some of the minority in Seltrust Holdings is in the hands of UK investors, and they are beginning to show signs of concern over the impact that the proposed deal will have on their investment.

BP's statement to the effect that there is "no intention to vary the Selection Trust group's shareholding in, or its existing arrangements with, Seltrust Holdings" is all very well as far as it goes, but it does not provide the sort of re-assurance the Australian company's shareholders are seeking.

The annual report from Charter Consolidated this week showed the brighter side of the mining coin. The restructuring of the company has left it in a much stronger position, with long-term debt falling by just over half to £23.1m, and the debt position has been further improved since the balance sheet date by the repayment of the company's £18m worth of Deutsche-Mark bonds on April 1.

Beyond that, Charter is of course in the happy position of waiting for a payment from BP worth around £100m in cash or stock in return for its 25.7 per cent stake in Selection Trust.

A turn of events will almost certainly be spent on buying ST's Alexander Sband (Holdings), but Charter is still nicely placed to take advantage of the relatively cheap investment opportunities open to those fortunate or far-sighted enough to possess sizeable amounts of cash at a time of recession.

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## FINANCE AND THE FAMILY

## A building contract

BY OUR LEGAL STAFF

I received an estimate of \$480 from a contractor for building work at my house and agreed the figure when I met him. He ordered materials and I paid him \$200 in cash on account when they were delivered. He started work, but then injured himself, leaving these materials, sand, aggregate, bags of cement, etc., more or less blocking the entrance to my house. When I asked him to get somebody else to do the job, he said he had not had anything from me in writing and that I should arrange things myself. I did, in fact, find somebody eventually who quoted the same figure. Meantime, I have been greatly inconvenienced and am out of pocket \$200. What do you think I could do about it?

We think that you had a valid oral contract with the first contractor at \$480. If he has not repaid you the \$200 already paid to him you are entitled to be paid that sum by him. (Strictly speaking, this is arrived at by charging him with the cost of the job which is required to finish the work, but

deducting the price you would have had to pay him; that is, he would be entitled to be paid another \$280 but you could charge him with \$480 for the new contractor—leaving a net \$200 due from him to you.) You might possibly have a claim for the annoyance and inconvenience, but this is a grey area of the law relating to damages and courts are reluctant to extend the head of damage to cases such as yours. We think that you should demand \$200 plus interest from the first contractor. The duty to engage a substitute contractor is placed on you rather than on the first contractor in law.

## Householders complaints

A group of boys frequently play ball games on the road in front of my, and my two neighbors' houses, and one a cause of considerable annoyance to us. Am I right in believing that when three or more householders complain a local

authority has to take steps to abate such nuisance? There is no rule that requires the local authority to act on complaint of nuisance (other than of noise nuisance). The highway authority has a duty to take action to prevent the obstruction of highways but it will exercise its own discretion in deciding whether or not to take such action.

## A lost deeds case

The deeds of properties let on 999 year leases at £2 per year ground rent are missing and recently a sale to one of the freeholders, who offered £200, was frustrated for this reason. What can be done about it? You can still make title by appropriate statutory declarations. However it is not uncommon for would-be purchasers to shy away from such a title. Your better course would probably be to apply to H.M. Land Registry to register the title as a "lost deeds" case.

Once registered your title will be marketable.

## Damage from damp

I bought a long leasehold flat about a year ago. I have found that the path laid at the side of the flat's outside wall is above the damp-proof course causing the damp to penetrate the wall. The agents for the management company are not prepared to take any action so the grounds that the flat was built about 14 years ago and there were no complaints from the previous owner. The builders (developers) are not prepared to take any action for the same reason and they ask me to deal with this problem in conjunction with the management company. Can I legally force the management company to rectify the problem by lowering the level of the path or rectify the defect in my flat? As the defect arising from the level of the path should have

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

been evident when the path was laid, the company is probably right in refusing to accept responsibility 14 years after the development was completed—at least so far as negligence is concerned. But a claim in nuisance may also lie if the damp penetration causes damage. That is a continuing cause of action which will not be barred by lapse of time, and you would be entitled to pursue that claim against the owner of the path—presumably the management company.

## Sovereigns and transfer tax

As dealings in current sovereigns are apparently free of capital gains tax, because their face value is £1, though the market value is about £56, does the same apply to capital transfer tax? Capital Transfer Tax would be chargeable (if at all) on the actual value, which now probably exceeds the figure which you mention. It would not be limited to the face value of the coin.

## Liability for water rate

Referring to your reply under "Liability for water rate" (June 7): I own some small blocks of garages, let to tenants who have no connection with nearby flats, which I also own. Previous to this year the "rates and water rates" have all been on one account. This next year the water charges are quite separate, and accounts received from the water authority. They have both charged me a substantial "commercial rate"

amount for both water and sewage. They have been told in writing and by telephone, that neither water or sewage, or disposal facilities are at the garages, nor have the occupiers any access to such services. Am I correct in maintaining that they cannot charge for services which are not supplied under the terms of the Water Charges Act 1977? In the answer you gave, it mentioned they can only charge for sewage part of the "water" rate. In my particular

case there is even the means of drainage of water from the garage area. We think that you are entitled to refuse to pay the proposed water and sewage rate on both limits. You should write to the water authority, once more pointing out the absence of both services and referring to the statutory provision, preferring sending the letter by recorded delivery service and, of course, keeping a copy. You would then be justified in not paying the rate.

## A question of domicile

I have a U.S. dollar income from a trust fund in the U.S. This income is regularly transferred to the UK and taxes paid. I now intend to ask the U.S. bank to hold it there till required here. Thus I could possibly avoid crossing the next tax threshold, reduce investment income surcharge, and transfer only when the exchange rate is not too unfavourable. This plan, of course, depends on when the tax is due. Could you please advise me if it is due as and when the money is earned, or

only when it is transferred to this country? I am a naturalised British citizen now retired to Yorkshire and living on pensions and investment income. Assuming that the trust fund was established by a third party (and does not fall foul of UK anti-avoidance legislation), the answer depends upon your domicile of origin was in one of the states of the U.S. (or elsewhere outside the UK), and so the question turns upon whether your domicile of origin

has been displaced by a domicile of choice in England and Wales. If the figures are significant, you would be wise to seek professional guidance on your domicile (under English law). If your overseas domicile of origin still subsists—which may well be so—your domicile of choice in the U.S. has no effect on your trust income (which is taxed in the U.S. at 30 per cent), under paragraph 5 of article 4 of the U.S.-UK double taxation convention of December 31, 1972, as amended by the second protocol of March 31, 1977.

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## When policies expire

## INSURANCE

JOHN PHILIP

ALTHOUGH MOTOR insurance is compulsory there is no law requiring insurers to issue any renewal notices to policyholders—because, quite rightly, the duty to insure and to continue to have valid insurance is placed by statute on the motorist's shoulders. It is the motorist who faces prosecution for failing to insure and not insurers for failure to remind him so to do.

In practice virtually all motor insurers do issue renewal notices to policyholders—for the very good reason that they want the continued custom of all but the few really bad risks that have emerged over the previous year. And to these few insurers usually make their intentions clear well before

renewal.

The renewal notice normally carries with it a 15-day certificate of insurance providing the policyholder with the cover that the law requires him to have—personal injury liability insurance, and nothing more. This certificate is issued without charge, on two basic and alternative assumptions: first, that if the policyholder renews his cover, part of the premium he pays will cover this initial 15-day period of the new year of insurance; second, that if he takes his business elsewhere, he will do so immediately on the expiry of his previous annual cover, and will not therefore put insurers at risk even during that 15-day period. In theory insurers hold that this 15-day extension is to tide the motorist over only against his own forgetfulness or against unforeseen delay in premium payment, that the 15-day extension is not given to enable the motorist to shop around, and perhaps get a better bargain. Nevertheless, in

practice, insurers sometimes have to accept injury liability claims that arise during this 15-day period, whether or not the motorist intends to renew. Where insurers are dealing direct with the motorist there is no problem—apart from the vagaries of the postal system—in getting the renewal notice and 15-day certificate to him. But where the motorist arranges his insurance through brokers, sometimes insurers' notice and certificate are held by the intermediary, who then issues his own renewal invitation, without the 15-day extension. The motorist who drives beyond the expiry date of his insurance, with only a broker's renewal notice, and so temporary certificate, runs the risk of prosecution, conviction and disqualification.

Over the years insurers have done their best to persuade such brokers of the error of their ways—to recognise that they are not acting in their clients' best interests. But the practice still continues, though

there is some hope that it will soon be completely abandoned. This is because the British Insurance Brokers' Association has established a code of conduct which includes the rule that insurers' renewal notices should not be withheld. Obviously registered brokers, members of BIBA, should observe the code of conduct, but unregistered brokers need not (though if they remain unregistered they will soon have to stop calling themselves brokers). So insurers will be able to look to BIBA to enforce its code of conduct.

Where the motorist arranges cover through a broker it sometimes happens at renewal date that the broker suggests a change of insurer. Such a suggestion may be a "low key" properly, a suggestion and nothing more, indicating the terms offered by the holding insurer, and comparing those with terms offered by one or more other insurers.

Here the motorist can make his choice, and if he wishes, stay with his present insurers. At the other end of the scale comes the high-handed, arbitrary assumption—that the motorist will change insurers at

the broker's behest, and without reasonable explanation. This kind of "broker's choice" approach, completely ignores the true broker-motorist relationship.

The broker is the motorist's agent, and he should seek his instructions, having fully apprised him of the facts and the reasons for his suggested change. No motorist should accept unexplained change without enquiry. After all, he is paying the premium, and it may well be much more in his interests to continue with his present insurers, thereby retaining the goodwill he has built up.

It is a fact of insurance that the commission the broker earns from particular insurers can influence the suggestions the recommendations of choice he makes to his motoring clients. So the motorist who can see little or nothing to choose between several insurers in cover, premiums, quality of service and so on is surely entitled to ask his broker whether he is the amount of commission that influences his recommendation of a particular insurer.

## Words of warning

BY ERIC SHORT

EACH YEAR too many investors find that they have lost money by investing in a life insurance policy, simply because they change their minds after payment of a few monthly premiums. If they want these back, they have to settle for a "surrender" value often well below even the nominal value of their contributions. This aspect of life insurance clearly disturbs Mr. Gordon Borrie, the Director General of Fair Trading, who this week again voiced his concern in a speech to the Industrial Life Offices Association.

Mr. Borrie has learnt much about life insurance operations since his notorious speech two years ago to the Insurance and Actuarial Society of Glasgow, when he was highly critical of its workings. Now he accepts, perhaps grudgingly, that life companies have the right to decide how much to pay investors on early cash-in and that companies cannot be over generous.

Now Mr. Borrie wants prospective policyholders to be warned before taking out life assurance of the pitfalls of early cash-in and he rightly takes the life assurance industry to task for not providing the consumer with more information ahead of a sale. Above all, he wants companies to emphasise that life insurance is a long-term saving and not a substitute for a savings bank.

Mr. Borrie, however, wants life companies to go even further and advise investors on likely surrender values over longer periods. Here he is getting into a contentious area of guaranteed surrender values. For UK actuaries have always been opposed to guaranteeing surrender values except on specific contracts such as flex-

ible endowments.

His feeling is that a large proportion of complaints arise from misunderstandings based not on wrong information at the time of sale but on lack of information.

The reply of the sales side of the insurance industry is that if you point out the disadvantages of a sale without being asked, then the odds are that the sale will not be completed. The contention is that insurance has to be actively sold and the consumer's interest is soon lost if he is swamped with information.

This argument is simply not acceptable. The buyer of life insurance has a right to be told all the relevant facts without having to ask.

The second feature of life insurance which Gordon Borrie finds disquieting is that consumers do not know how to complain. This week he suggested that life companies, as a matter of routine, should enclose a note with the claims form stating how an unhappy investor can have his complaint in-

vestigated.

He reinforced his argument by referring to the procedure with "industrial" life insurance where premiums are paid weekly or four weekly and collected by agents. These premium payments are recorded in a premium receipt book, which the policy holder keeps, and which sets out how complaints can be dealt with through the Industrial Assurance Commissioner.

The legislative control of industrial life insurance based on the 1923 Industrial Assurance Act—the earliest example of consumer protection. Any policyholder can refer a dispute to the Commissioner who has the power to arbitrate. His award is binding. The industrial life companies are quite satisfied with this system which settles disputes with a minimum of formality and expense.

Gordon Borrie, it appears, would like to see some independent body which could handle ordinary life assurance complaints in a similar manner. The

Life Offices Association operates a complaints' service, but deliberately keeps this rather quiet. Moreover, it can do no more than try to persuade the life company to do something.

Gordon Borrie's idea is worthy of further consideration, but a word of caution is needed. The complaints received on industrial assurance by the Commissioner fall under three main headings—under several minor ones.

These are misleading information at time of sale, ownership of the policy and surrender values. The second major cause is technical and does not appear to cause ordinary life companies many problems.

Some of the published cases of the Commissioner regarding misleading information at the time of sale are interesting. The commissioner has in many cases found in favour of policyholders, solely on the oral evidence of the witnesses, and awarded the return of premiums with interest. Given high pressure salesmanship of

certain life company's representatives—a similar complaint system for other life policies would be even more appropriate.

But with complaints on surrender values, the Commissioner can do little more than check up that the policyholder is entitled to a surrender value and that it meets the statutory minimum value. He cannot rule that a life company should pay more.

Most complaints received by the L.O.A. (which represents companies doing ordinary business) relate to inadequate surrender values. But a central complaints agency, whether a statutory one or otherwise, could do little more than explain what a surrender value is.

Finally, since Gordon Borrie is a practical man, he urged the insurance associations to give favourable consideration to complaints and consideration in the Statements of Practice. The L.O.A. is due to revise its code of life assurance shortly. We shall see whether Gordon Borrie's remarks have been heeded.

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## YOUR SAVINGS AND INVESTMENTS

## Eurobonds: the big issue

BY TIM DICKSON

EUROBONDS have a somewhat mysterious image in the minds of most UK private investors. In spite of the spectacular growth of the market over the last decade, few outside the privileged circle of City investing institutions seem to know much or care much about them.

At first sight this is slightly surprising given that elsewhere in Europe, notably in Switzerland, private investors have played a significant role in what is now one of the world's international capital markets.

Exchange controls, of course, and the wide diversity of largely unknown borrowers, are mainly responsible for this blinkered approach. But now that these have gone, Eurobonds are likely to attract greater attention in future, despite the occasional difficulty of dealing.

The big problem for the uninformed is to pick a way through the maze of literally thousands of different issues. One answer, which we have discussed previously in this column, is to use the services of one of the many offshore funds which specialise in international bonds, including Eurobonds. In this way the anxieties of management can be handed over to somebody else.

Many people, on the other hand, may wish to run their own portfolios, a point obviously not lost on Barclay's Bank International which has just produced a useful "beginners guide" for potential investors. The minimum amount needed for one transaction in the Eurobond market is about \$5,000, though investors would need rather more to get a satisfactory spread.

The Barclay's booklet, which is written in straightforward style, discusses the origins of the Eurobond market, how bonds work, how they are issued and traded, and how investors can weigh up the risks and rewards.

Eurobonds, in fact, unlike most words with a Euro prefix, have nothing to do with the "Common Market". The term "Euro" in this context was coined in the 1950's to describe the international money and capital markets based in Europe, outside their country of origin. Originally, that capital was exclusively denominated in U.S. dollars which have found their way into European banks to escape expensive U.S. reserve requirements. As borrowers began seriously to tap the Euro-

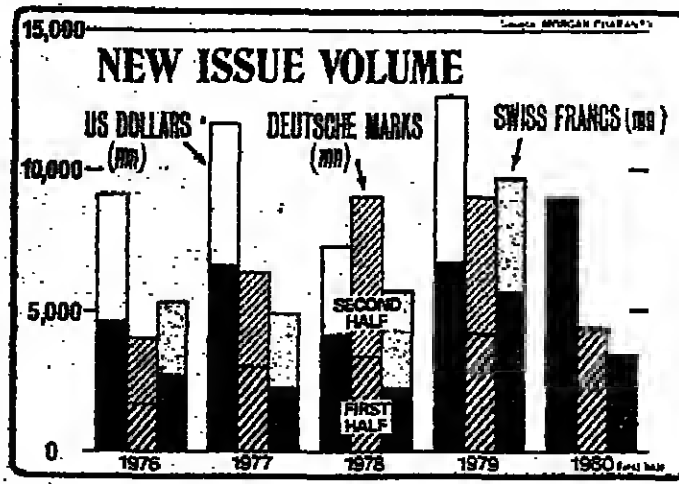
pean markets in the 1960's Eurodollar issues were joined by issues denominated in Deutsche marks, Swiss francs, and Japanese yen—wherever offshore operations offered a useful cost advantage.

Today the Eurobond market is enormous. Only this week it was announced by Kreditbank Luxembourg and Credit Lyonnais that \$3.7bn in public Eurobond issues was launched in the second quarter of 1980, the highest ever quarterly total. As the chart shows the growth in recent years has been particularly spectacular bringing the total amount of issues launched since 1963 to more than \$80bn.

As the Barclay's guide explains, a Eurobond can be defined as an international bond sold outside the country of the borrower. It is underwritten by an international syndicate of commercial and investment banks and sold principally in countries other than the country of the currency in which it is denominated. Foreign bonds, by contrast, are also international but are primarily underwritten by banks and institutions in one country, denominated in that country's currency and principally sold there. Yankee and Samurai bonds are foreign bonds denominated in U.S. and Yen.

Eurobonds can also be divided into certain categories which correspond to the needs of different investors. Most commonly, for instance, there are fixed rate (or straight) bonds which have a fixed rate of interest and final maturities of between three and 25 years. These work in roughly the same way as UK gilts. Next there are floating rate notes which have a fixed redemption date but whose interest payments vary with interest rates generally. This rate is usually established every six months as a fixed margin (e.g. 1 per cent) over the London Inter Bank Offered Rate (LIBOR), the rate at which banks lend to each other in London. Floating rate notes are clearly attractive if it is thought that interest rates generally are on the way up or at least uncertain.

A further two types of bond meanwhile offer the investor a means of getting into the shares of an issuing company. First of all there are bonds with detachable warrants which entitle holders to buy shares at a price fixed at the time of the issue. Second, there are "convertible bonds" which carry the right



to convert the security into shares at a fixed date. For this right, however, investors have to accept a slightly lower rate of interest. On Thursday the property group MEPC became the first British company since exchange controls were removed to launch a convertible bond.

The chief advantages for Eurobond investors over investors in domestic bond markets can be summarised as follows:

- Currency choice. If you think sterling is overvalued, you can choose between Swiss franc, Yen, Deutsch Mark or Dollar issues.
- Form of bonds. Eurobonds are issued in bearer form, which means that possession of the certificate is presumed to be sufficient proof of ownership. There is no register of investors which third parties can inspect.
- Interest payment. This is always made gross, free of withholding tax and other taxes. For the UK investor, subject to income and capital gains taxes, there is little saving bar a little extra cash flow. More importantly there is not the problem, which attaches to other foreign currency securities, of reclaiming withholding tax.

The Eurobond market undoubtedly attracts prestigious borrowers from the public and private sectors, ranging from international institutions such as the World Bank to national governments and blue chip companies. But the big stumbling block for UK investors, is that many of the names are unfamiliar or unknown.

Besides this, the Eurobond secondary market, which allows investors to cash in or securities, has at times proved unreliable over the years. Although many Eurobonds are quoted on Stock Exchanges, very little trading is actually done on the Exchange floor. Business is done over the telephone by specialist firms called market makers, who act like jobbers (wholesalers) and buy and sell bonds on their own account. Brokers, known as dealers, act on behalf of investors and trade with market makers, although deals can be made directly to market makers. There is no clear distinction between jobbers and brokers as there is on the Stock

Exchange. Eurobond trading is therefore essentially more informal than the buying and selling of stocks and shares.

As a result spreads between "bid" (what the seller receives) and "offer" (what the buyer pays) can sometimes be considerably wider than the one-half point generally experienced for actively traded bonds in normal market conditions. Over the last year the falling dollar and historically high interest rates have created remarkably unsettled conditions for Eurobond investors and in the subsequent confusion many market makers were not actually quoting prices.

Prices of the latest 200 international bond issues for which an adequate secondary market exists, however, are quoted every day in the Financial Times and a complete list of Eurobond prices is published in the FT on the second Monday of each month.

Barclay's offers both individual advice and a portfolio management service but most London stockbrokers are also equipped with a Eurobond research and dealing facility.

## Time for a shrewd look at returns

BY TIM DICKSON

IF INTEREST rates really have turned downhill—and investors in the equity and gilt markets clearly seem to think they have—savers should look carefully at the accompanying tables.

One illustrates the range of current returns likely to be affected pretty quickly if Minimum Lending Rate, which has fallen from its peak 17 per cent to 26 per cent, continues to move lower.

The other shows the fixed rates presently on offer. These will not be influenced over the terms stated by subsequent shifts in the level of interest rates generally. Therefore they could represent good buys in the months ahead.

BUILDING SOCIETIES. High interest rates have undermined the societies' competitive position in recent months and for this reason they are unlikely to lower rates until MLR falls at

least another point, possibly two. The battle for savers' funds has centred on the 57 (at least) varieties of term shares, which have tempted savers with everything from a little bit of extra interest, monthly income payments, and even latterly one or two fixed interest offers. These, however, all appear to have been withdrawn though the Alliance says it may consider coming back into this market.

BANKS. In line with the fall in MLR, all the clearers have now reduced the rates offered on seven-day deposits from 15 per cent to 14 per cent. Conscious of pressure from the building societies, Barclays Bank this week introduced two new accounts, the Bonus Savings Account and the Investment Account. The first, which is comparable to but not as attractive as a building society subscription share, is for personal

## FIXED RATES

	NIL	30	40	60
<b>NATIONAL SAVINGS</b>				
Five-year certificates*	10.33	10.33	10.33	10.33
<b>LOCAL AUTHORITIES</b>				
Yearling bonds	13.75	9.63	8.25	5.5
1-2 years	14.5	10.15	8.7	5.8
3-10 years	14.0	9.8	8.4	5.6
<b>INCOME BONDS</b>				
4 years	11.25	11.25		
5 years	11.25	11.25		
10 years	10.8	10.8		
<b>GILTS</b>				
Treasury 3% 1985	10.88	9.74	9.36	8.61
Exchequer 13 1/2 1987	12.94	9.02	7.71	5.1
Treasury 5% 1986-89	11.03	9.01	8.34	7.02
Funding 3 1/2 1999-04	10.45	8.35	7.68	6.38

\* 19th issue.

customers who can put aside £10 or more regularly each month for a minimum period of a year. The Investment Account is for sums of £5,000 to £50,000 deposited over three or six months. Both accounts are currently paying 15 per cent. Other clearing banks say they have similar schemes in the pipeline.

NATIONAL SAVINGS. The investment account, which is still paying 15 per cent gross, currently offers a good home for ordinary deposits. The Department for National Savings tends to be slower to adjust its rates to market conditions than its high street competitors. Remember, however, that interest is not paid until the beginning of the month after money is deposited and four weeks' notice has to be given to withdraw. The 19th issue, meanwhile, is still on sale and will look increasingly attractive if rates come down.

LOCAL AUTHORITIES. The 14 1/2 per cent offered by Rochdale for one-year money is now out of line with the market and is likely to disappear next week. Hurry while stocks last! At the moment local authorities are reluctant to bid for funds until the position in the money mar-

kets becomes clearer.

INCOME BONDS. The short-term bonds went out with the Budget but the four-year and above variety which have quietly appeared now look good value. Age is an important variable with the Target Life four-year bond, which returns 12.7 per cent to men who have attained 80 but less than 11.25 per cent to those under 62. The Provident Mutual 10-year bond also varies fractionally with age. The position on income bonds for higher rate taxpayers depends, among other things, on the difference between the maturity value and the cost of each pure endowment policy which makes up the bond.

ANNUITIES. Rates have already started to move down. Among the best quotes (without guarantee) for a man aged 65 (purchase price £10,000) is £1,847 from RNPF Nurses, Sentinel (£1,816), Crusader (£1,787), English Insurance (£1,766), and Equitable Life (£1,757). The best quotes for a woman aged 60 are RNPF Nurses (£1,581), Sentinel (£1,581), Crusader (£1,533), Economic (£1,528) and UK Provident (£1,528).

## LOOK EAST FOR GROWTH

The rapid industrialisation of many Far Eastern countries has brought about real economic growth rates far exceeding those of most Western countries. Hong Kong's economy is expanding at 10% a year, Singapore's at 8% and Malaysia's at 8%, while the economies of Britain and the U.S.A. are contracting. These high growth rates are likely to be reflected in increased company profitability which in turn should lead to higher stock market values.

Following China's decision to improve relations with many countries there is now far greater political stability in the Far East. Trade

with China, too, is expanding and stimulating further economic growth in the region.

Save & Prosper, Britain's largest unit trust group, offers two unit trusts concentrating exclusively on the Far East—South East Asia Growth Fund and Japan Growth Fund. Both funds are under the supervision of investment managers who have worked in the area. They have a wide experience of investment opportunities there and have built up a network of contacts who provide up-to-date information.

Given the highly promising future, we suggest that now is an opportune moment for you to

diversify your portfolio to include investments in some of the most dynamic economies in the world.

## HOW TO INVEST

To make a lump-sum investment in either fund please consult your professional adviser or complete and return the coupon, together with your cheque. You will be allocated units to the full value of your remittance at the offer price ruling on receipt of your application.

The price of units and the income from them may go down as well as up.

You should regard your investment as long term. It should be borne in mind that Far Eastern stock markets can be particularly volatile.

## Save &amp; Prosper SOUTH EAST ASIA GROWTH FUND

Immense natural wealth, new-found political stability and a large industrial workforce, make South East Asia one of the most exciting investment areas in the world.

The strength of commodity prices generally and growing oil exports have enabled many countries to achieve growth rates far greater than those in the West.

Save & Prosper South East Asia Growth Fund is an excellent way of participating in this market, especially as the abolition of exchange controls and of capital gains tax for unit trusts has meant that managers can adopt a far more active investment policy.

The Fund is now predominantly invested in Hong Kong (41%), Malaysia (27%) and Singapore (23%). For the future the Managers consider that these markets will continue to offer good investment opportunities. In Hong Kong there is a high level of corporate activity, much of it deriving from trade and development projects in China. The outlook for profits is good and the Managers believe that the market will move ahead. In Malaysia and Singapore the stock markets have recently moved up to their previous peaks.

On 7th July 1980 the offer price of units was 54.0p, giving an estimated gross starting yield of 1.61%.

## Save &amp; Prosper JAPAN GROWTH FUND

No country in the world has managed to overcome the problems posed by the energy crisis more successfully than Japan, in spite of the fact that almost all energy resources are imported. Japanese innovation, technology and hard work have succeeded in overcoming almost all the problems posed by successive energy crises.

The massive increase in oil prices last year weakened the value of the Yen internationally and reduced the country's growth rate to around 6%. This year, however, prospects appear far better as the Yen is once again gaining strength, helped by more stable oil prices and the Government's firm action against inflation. The deficit on foreign trade is narrowing and capital investment is moving ahead, an indication of industries' confidence in the future.

The Japanese Stock Market, the second largest in the world, has also been encouraged by drilling operations on the Japan/Korea continental shelf. For the private investor Japan Growth Fund represents an attractive way of investing in a broadly based portfolio of Japanese companies just at a time when economic prospects there appear better than for a long time.

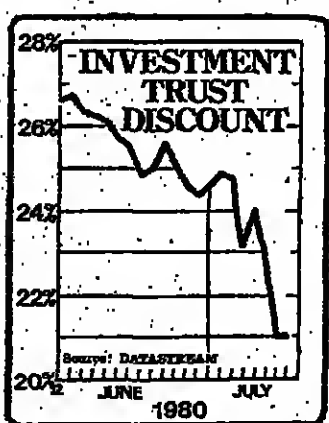
On 7th July 1980 the offer price of units was 80.6p, giving an estimated gross starting yield of 1.60%.

## Narrower discounts

MOST CHARTS which present a line obeying the laws of gravity generally spell bad news. The one on the right, however, should bring badly needed midsummer warmth to the hearts of investment trust shareholders.

The chart illustrates the familiar problem of the investment trust "discount". This is the difference between the value of investment trust shares in the stock market and the value of the assets which they represent. For several years this discount, which has remained obstinately wide in spite of the protests of those who run investment trusts, has persistently dogged investors.

This week, however, it narrowed significantly as a result of a major buying spree by the National Coal Board pension funds, which surprised the market by considerably increasing their stakes in Alliance Trust, Lake View Investment Trust and Drayton Premier Investment Trust. This precise motive for this move is not clear but it came at a time when the investment trust sector was already in demand and short of stock. So far this year, for example, the Investment Trust Index has risen 36



per cent, against the 22 per cent increase in the FT Actuaries All Share Index.

Several factors are involved. The UK market and Wall Street (which carries the hopes of many trusts) have simultaneously been strong while the April Budget, which simplified the old capital gains tax system, has removed the incentive for private investors to sell their investment trust shares ahead of other equities. Pension funds generally, for whom investment trusts are now more tax efficient, are also reported to be showing greater interest in the sector.

It remains to be seen whether the current excitement is more sustained than some of the false dawns which have broken in the past.

T.D.

## Missing factor

THE ENTRY this week of the Commercial Union into the unit-linked life assurance sector would normally have passed with little comment. After all, this move is just the latest in a series of traditional life companies putting aside their past prejudices against this form of life assurance and operating in this rapidly growing field.

Indeed, the CU's "Hand-in-Hand" investment bond is the usual form of lump sum investment and can be linked to a property, equity, fixed interest or cash fund with full switching facilities. But the CU is not, as yet, offering a managed fund—a most significant omission.

A managed fund is one where the life company mixes the blend of equity, property, fixed-interest and cash and in theory changes the mix to suit its views on investment trends. In this way the investor is offered a professionally-managed portfolio. Most other life companies in this field not only offer a managed fund, but almost without exception find it to be the most popular one with investors. With the vast majority of premiums go into the managed fund.

The CU is marketing the bond only through specialist brokers familiar with the unit-linked field and competent to offer investment advice to clients. This excludes many of the smaller brokers who invariably put clients into managed funds, since they do not have the expertise to do otherwise. CU is also marketing through National Westminster, with whom it combines in the latter's Sunflower regular savings schemes.

In theory, a managed fund over the long-term should show a better performance than the individual funds, since the investment mix is changed to maximise opportunities. But the performance tables over the past five years show that investors would have done just as well in property funds—which have shown remarkable stability—as in managed funds. Perhaps CU has a point in its omission.

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## GENERAL INFORMATION

Dealing in units. Units are normally bought or sold on any working day. However, in exceptional circumstances the Managers reserve the right to suspend price quotations pending revaluation. Certificates will normally be forwarded within 14 days. Prices and yields are quoted in leading newspapers.

Selling units. The Managers will normally buy back units from registered holders, free of commission, at not less than the bid price calculated on the day instructions are received, in accordance with a formula approved by the Department of Trade. Units may also be sold back through an authorised agent who is entitled to charge commission. Payment is normally made within 7 days of our receiving a completed redemption form.

Safekeeping. The units, which are authorised by the Secretary of State for Trade, are "wider-range" investments under the Trustee Investments Act 1961. The Trustee of both Funds is the Bank of Scotland who holds the title of the trusts' investments on behalf of the unitholders.

Charges. The offer price of units in each fund currently includes an initial service charge of 5%, with a permitted revaluation adjustment not exceeding the lower of 1% or 1.25p per unit. Out of this, remuneration at rates which are available on request will be paid to authorised professional advisers or applications bearing their stamp. In addition, a half-yearly charge, out of which Managers' expenses including Trustees' fees are met, is deducted from the Funds' assets. This charge is currently 18.75p per £100 of the value of the Funds plus VAT.

Income. Distributions of net income from South East Asia Growth Fund are made on 30th June and from Japan Growth Fund on 31st October.

Distributions can be automatically reinvested in further units on request. Managers, Save & Prosper Securities Limited (a member of the Unit Trust Association), 4 Great St. Helens, London EC2P 3EP. Telephone: 01-554 8888.

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## GOLF/GARDENING/RACING

### Open questions

BY BEN WRIGHT

THE FASCINATING task of trying to pick the winner of the 108th Open Championship at Muirfield next week is complicated by doubts about the participation of some notable American contenders, but more particularly in my view, because of the vagaries of our climate.

For some weeks now Hale Irwin has vacillated, and so far failed to commit himself to accept my perennial invitation to be a guest at the annual dinner next Tuesday evening of the Association of Golf Writers, one of the social high spots of a great week. When he dropped one stroke at the 11st and two more at the 72nd hole at Butler National Golf Club, in Chicago last Sunday, to lose second place in the Western Open to his American compatriot, Andy Bean, it became my firm conviction that Irwin will not be at Muirfield next week, more's the pity. Irwin is perhaps more intensely competitive, week in, week out, than all his rivals in true world class. But he gets so down on himself when he falls even fractionally short of his own sky-high standards, that on numerous occasions I feel he has contributed to his own downfall.

As Irwin told me last Sunday morning, the Open "boss", his charming wife, Sally, will probably have the last word about a trip to Edinburgh.

Much the same can be said of the shimmering temperaments of the immensely strong Bean and of the Texans Ben Crenshaw and Tom Kite, who all have low boiling points. I last spoke to Bean last Saturday in Chicago, and he too voiced doubts about his appearance at Muirfield, but only because he bates cold weather. If he does appear Bean must be a strong each way Butler, which is rated as the toughest course on the entire continent by the United States Golf Association, who give it a stroke rating of 76.9 against par of 72. Bean tied for 13th place in Memphis. Since winning the Hawaiian open in early February, he has had six top 10 finishes in the past two months—awesome consistency.

Crenshaw has come tantalisingly close to winning major championships in the past six

years, without actually winning any of them than anyone else in the game, including Jack Nicklaus. Inevitably one must wonder now whether he is cruelly destined for ever to play the role of bridesmaid, since this most lovable character craves major titles so earnestly.

Crenshaw has such respect for golf's history and traditions, there could hardly be a more popular winner on this most historic course, but of late "gentle" Ben's velvet smooth tapping touch has shown signs of losing a little of its magic. Ironically, as is often the case, in the same period Crenshaw has shown encouraging improvement in harnessing his sometimes wild driving.

He has shortened and tightened up a swing that was far too long, and now it is a "floating" right leg action that occasionally betrays him in moments of crisis.

Tom Watson has rather gone off the boil in recent weeks, during which period he has revealed a startling inability to mount a worthwhile "charge" when in position to challenge the leader from behind in the final stages. Perhaps this could be the only chink in his apparently impenetrable armour.

Only a fool would disregard his chances, however. My only reason for discarding Watson as a betting proposition is that his odds as favourite will be prohibitive, as will those of Nicklaus following his most momentous victory in the U.S. Open. Sentiment favours the great man, since Nicklaus won his first open at Muirfield in 1966, but I wonder how long he can tap his apparently bottomless well of inspiration. It is perhaps a ridiculous comparison, but could Nicklaus be a little like Mohammed Ali at this moment in that he has given his all just once too often?

Defending champion Seve Ballesteros must be desperate to atone for his disgraceful performance at Baltusrol, and thus has placed himself under unbearable pressure. His price in this situation will be woefully short, but like Lester Piggott in every Derby, he will be the ladies' choice. With due respect, I believe Gary Player, who won his first open at Muir-



Lee Trevino: a good bet

Ashley, Ashwood

field in 1969 at the age of 23, is past his best.

Despite his fine recent European form I prefer the chances of David Graham, Jack Newton and Bob Shearer in that order of preference to those of Greg Norman amongst the formidable Australian contingent. Of the remaining Americans, there are several with impressive credentials, too numerous to mention in detail, so I will return to my point about the importance of the weather.

My form book assembled primarily over the last eight weeks in America makes Lee Trevino the only logical choice as my confident selection to win. Only cold, wet and windy weather—that has been known to afflict Muirfield in July—can make nonsense of such a forecast. Since Trevino's back surgery in November, 1976, was necessitated by a herniated spinal disc after he was struck by lightning in Chicago in June at the Western Open, only bad weather has made this marvelous character and stroke making genius virtually impotent

on a golf course. I need hardly remind you that Trevino won the last open played at Muirfield when he successfully defended the title in 1972, in the process breaking poor Tony Jacklin's great heart.

Since the last week in April, Trevino did not finish outside the top ten in American events until he won for the third time in Memphis two weeks ago, before heading for Muirfield. Coincidentally he had won in that steamy city in 1971 and 1972 before, his last two Open Championship triumphs. In this, his best ever year financially Trevino has won twice, been second three times, and made eight top ten finishes in 16 starts. He last missed a 36 hole cut-off in Memphis in July 1979, and has since survived 21 times consecutively. My case rests. Of the remainder the wily Oriental Isao Aoki of Japan is a dark horse, who can also only give of his best in decent weather. Lastly, what are the chances of the British and Irish? In my opinion they have two—slim and none.

### A rose by any other name

BY ARTHUR HELLER

NURSERYMEN ARE not notably free with information about their trade affairs and so a list of what are claimed to be the top 20 roses for sale is of more than passing interest. In fact the list is not quite what it claims to be since it is divided into three sections, for large flowered (HT), cluster flowered (Floribunda) and newer roses with seven names in the first and last lists and only six in the second. It seems unlikely that put together, these really represent the most fast selling roses but only the most popular in each of these categories. Another weakness is that each list is alphabetical and so gives no indication of the rose-buying public's order of preference. Yet for want of a more accurate guide it must stand and it does reveal some interesting facts about what gardeners look for in roses.

The seven best selling large flowered roses are Alec's Red, Alexander, Fragrant Cloud, Grandpa Duckson, Just Joey, Peace and Piccadilly. The six cluster flowered roses are All-gold, Elizabeth of Glamis, Evelyn Fison, Iceberg, Lilli Marlene and Queen Elizabeth. In the list of Floribundas, which includes both large flowered and cluster flowered roses not all of which are very new since one was introduced in 1973 and only one is as recent as 1978, there are five large flowered varieties and only two cluster flowered roses, which I find surprising for this is a period during which some remarkably interesting Floribunda varieties have been introduced. The large flowered varieties in this section are Alpine Sunset, Doris Tysterman, Double Delight, Silver Jubilee and Troika and the Floribunda are Korresia and Margaret Merrill.

One thing that surprises me is the very small number of real rose plants. Rose breeders have often told me that there is no great demand for this colour but I have only half believed them since to me it seems the most typical of rose-colours and one which I see a great deal in gardens. Yet there is no place in this top 20 for such wonderful

roses as Wendy Cussons, Eden Rose, Pink Favourite Mischief and Penelope. Breeds which would certainly figure in any short list I compiled.

I am also puzzled by the complete absence of the new race of red (or pink) and white roses which Sam McGredy, the raiser, has called "hand painted." They were launched some nine years ago with Picasso and have grown in the intervening years with such eye catching varieties as Old Master, Eye Paint, Priscilla Burton and Matangi, the last in my view, the best of the lot and a first class rose for garden display. I realise that some people find this colour combination vulgar, and even unnatural, despite the fact that rose and white is the commonest combination in wild roses. It is the intensity of the contrast that has been stepped up in the new race. All these varieties have had a lot of publicity and I would have brought them bigger in the popularity stakes. Apparently the gardening public remains unmoved.

It does not really surprise me that none of the "blue" or purple roses enter these lists though one, the delicate lilac pink Escapade, has received a lot of praise and I see it in many gardens. But this is the kind of vigorous bushy rose which many gardeners like to plant in mixed borders rather than massed in rose beds and this probably means that it is largely bought in ones, twos and threes rather than in dozens or fifties which could have a big effect on total sales. It is one of the things that holds climbers back and makes them relatively unprofitable for

breeders and growers alike. What does seem a little odd is that, though a great many people say that they love old-fashioned roses and a number of these have purplish rose or purplish red flowers, when this colour turns up in new roses it only appeals to a very few people. News is one of these, a rose that fills a large bed in the RHS garden at St. Albans with gleaming purplish purple colour but which I seldom see elsewhere. Its raiser, the late E. B. Le Grice, must have had a special liking for this part of the rose spectrum for he also gave us the heat lilac blue shrub rose in Lavender Lassie.

Another in this colour group is Magenta from Korresia the great German breeder, but no doubt the name would be enough to put off most buyers. Names are clearly very important in ensuring sales and it is noticeable that all those in the top 20 have names which are either pleasing or at least easy to remember. Matangi is neither.

It is often said that the public demands fragrance in roses but this list does not support that view. Only three of the roses, Alec's Red, Fragrant Cloud and Margaret Merrill, are strongly scented and six would, I think, be regarded by most people as having little detectable scent of any kind, so it cannot be this quality which determines the buyers choice.

Yet allowing for all these peculiarities and limitations it must be admitted that the public has decided to put its money on some very good roses. Alec's Red is arguably the best light red rose that has ever been raised, full, shapely, scented and sturdy. Alexander is

rather tall for bedding but admirable in mixed company and it has the brilliance of Super Star allied to a better constitution. Fragrant Cloud is unique in its dusky red colour and is rich in spicy perfume. Grandpa Duckson would not be my first choice as a yellow rose because its colour is too pale and its habit too narrow but it is undoubtedly a good rose that has given a lot of pleasure and won much praise.

Just Joey is a charm with glowing coppery orange flowers but its very big petals do make it a bit floppy when open. Peace is in a class by itself and Piccadilly is arguably the best scarlet and yellow rose that has been produced. Allgold is certainly one of the most reliable yellow cluster flowered roses though the newer Korresia is a better flower. Time will prove just how good it is in the garden. Elizabeth of Glamis is another charmer combining salmon and orange delightfully, but with me it almost refuses to grow. But then neither does Dearest which in gardens that suit it is one of the loveliest of all roses.

Evelyn Fison and Lilli Marlene are completely reliable bright red and light crimson bedding roses. Iceberg is clearly the best white rose we have and Queen Elizabeth merely suffers from being much too tall and bearing all its flowers at the top.

The newcomers I am less familiar with but Silver Jubilee is undoubtedly a fine rose and the others look a good lot. It takes a few years to ferret out weaknesses which may lie hidden beneath the surface.

### Greenwood Star for double

#### RACING

BY DOMINIC WIGAN

THE LADBROKES punter who had a £1,000 double at odds of 7-2 and 9-1 about Moorestyle in the July Cup and Greenwood Star in today's John Smith's Magnet Cup seems sure to see a bold bid from the bottom weight as he attempts to complete a double which will net that bet £44,000.

Greenwood Star, a grey colt by No Mercy out of Golden Palermo, has already justified one major gamble this season. Seven weeks ago at Haydock Peter Robinson's mount lowered the course record for a mile there in the £11,000 Cecil Mill Handicap despite missing the break. Given plenty of time to find his rhythm the East Hley 5-2 chance picked up the leaders a quarter of mile from home before forging away from Sunfield to pass the post with five

lengths in hand. Although he will not have the benefit of the fast conditions he encountered in Lancashire, Greenwood Star is unlikely to be racing on the yielding ground encountered at Newmarket, as North Yorkshire seems to have been spared the worst of the weather. Still leniently handicapped, with seven stone nine pounds the Greenwood Homes colt is selected to win at the expense of Saerleige.

Half an hour before the Magnet Cup in which Tesoro Mio and Edward Hide bid to repeat their success of a year ago, Be Better tries to take the Harp Lager Handicap for a second successive time. However, whereas Tesoro Mio's weight has only risen by two pounds Be Better tackles smart opponents in the Harp race with 18 pounds more to carry. I much prefer the chance of Geoffrey's Sister. This Chris Thornton mare returns to her best form of last autumn when holding off Pinkerton's Man, to whom she was conceding five

pounds in Ayer's Long John Scotch Whisky Handicap on June 21.

A number of promising staying maidens bid to get off the mark in the one and a half mile Fountains Maiden Stakes and here too I expect to see closely concerned in the proceedings Grima, a respectable fourth in Daniel Penn Plate here and Petty Pursue's half brother, Sand Hawk the highest priced yearling of 1978 in Europe. Sand Hawk, a disappointment at Newmarket on One Thousand Guineas day, after shaking off his handler and careering around the paddock is worth another chance.

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## MOTERING



The Lancia Delta. A compact and luxurious hatchback for less than £5,000.

## Lancia's tempting little luxury

BY STUART MARSHALL

LANCIA'S Car of the Year, the Delta hatchback, goes on sale in Britain on Monday at £4,995. The price should prove tempting to executives of recession-hit companies who want to keep their little luxuries but have been told to cut down a bit until trade (and profits) pick up again. The Delta is furnished in up-market fashion with pile carpet and velvet seats and has a folding mirror built into the lockable glove-box lid. Optional extras available include air conditioning, electric front windows, a sunroof and heated driving seat.

For the time being, only the 1500 Delta is being imported but the 1300 will arrive later on. The 1500 has a fairly close ratio five-speed gearbox and responds well to a sporty driving style. Its maximum is a little over 100mph and it accelerates from 0-62 mph (100

km/h) in 12.5 seconds. On a mountain road in Italy last autumn it was entertainingly agile yet it cruised very quietly indeed on the autostrada at 75 mph, returning 30 mpg.

The 1300 is higher geared (18.8 mph per 1,000 rpm in fifth compared with the 1500's 17.8 mph), making it two seconds slower from 0-62 but even more economical. Lancia claim 43.3 mpg at a constant 56 mph, 31.4 mpg at a steady 75 mph. The 1300 is faster in fourth than fifth, which is a genuine, fuel-saving overdrive.

Both Deltas have a modified Fiat Strada engine. Lancia have squeezed an extra 10 horsepower out of both the 1300 and 1500 versions, which give 85 and 75 bhp respectively, and have considerably improved the gearshift.

The body styling, by the Ital Design studio, is best described

as modern-conservative. Lancia assumes that buyers will probably keep their cars for several years and must also be anxious to avoid the need for costly facelifts. They think the Delta's clean, angularity, won't date and they are probably right. It looks, after all, very much like a four-door Volkswagen Scirocco. That was an Ital Design creation and still looks modish after over six years.

Saab, which will market the Delta as part of its range in Scandinavia, helped with the heating and ventilation system and with corrosion proofing, which is an understandably sensitive area with Lancia. The Delta has a six-year corrosion warranty, providing it is inspected and, if necessary, treated with protective chemicals at 23 and 42 months. Most of the main body panels are galvanised or made of pre-treated

## A convincing win for cruise control

IT IS game, set and match for cruise control. None of the readers who has written since I asked in June: "Is it always safe?" has shared my concern that doing away with the need to maintain a car's speed on the motorway might make a driver just that slight degree too relaxed for safety.

Both Mr. J. Barnes, of Marple, Cheshire, and his wife have been members of the Institute of Advanced Motorists for 23 years. Mrs. Barnes (like me) had an initial impression of slight loss of control with the Econocruise device engaged.

But Mr. Barnes thinks it is of great advantage for motorway driving and cites an added benefit. "The fact that the right foot can be covering the brake pedal saves quite a few yards of braking distance compared to switching the foot from accelerator to brake."

And Mr. R. B. Peters, chief executive and secretary of the Institute of Advanced Motorists, wrote as a keen advocate of Econocruise speed control equipment. "It has reduced fatigue and brought about a fuel saving of at least 8 per cent on long journeys," he said.

There was no question that its use diminished the need for constant observation of the road ahead because, with a fixed throttle setting, one was continuously calculating the distance of the vehicle in front and what to do about the vehicle behind.

"If you are catching up with the vehicle in front you have to take a decision either to reduce speed or overtake, with all the necessary preparation that entails." If a vehicle was overtaking, one had to consider what to do about the situation and that involved either overriding

the control, or cancelling it and reverting to manual. He thought, too, that cruise control was a valuable safeguard against exceeding the 40 mph or 30 mph limits on urban ring roads.

Econocruise was particularly valuable because it had a one-stage memory. Once set for 40 mph, for example, this speed would automatically be resumed after a brief halt at traffic lights.

What can I say except that I really must put my simmering prejudice on one side the next time I test a car with cruise control.

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## TRAVEL

## At the end of the road to Rio

BY ANTONY THORNCROFT

THE ROAD to Rio, enjoyably ploughed over 30 years ago by Hopes, Goss and Lamour, and more recently given a Papal prominence, should attract many more travellers in future. Until now British Caledonian has been able to take you to Brazil from Gatwick quickly and efficiently but, at just over £1,000 return, scarcely cheaply. There are hopes that the Brazilian Government will relax its controls over the pricing of air fares and Brazil will get more tourists. It is certainly ripe for holiday take-off.

Rio has to be the main attraction. Now that it is relieved of the responsibilities of being the capital—that is, Brasília, an architectural fantasy built 1,000 miles away in the heart of the country—or the chief money-making centre—that is, São Paulo, with a population in excess of 8m, dedicated to work and Mammon, Rio can relax. Its 5m people, known as "Cariocas", need little encouragement to take advantage of the city's outstanding situation. Rio clusters between the sea and the mountains, the sea edged by some of the finest beaches in the world (Copacabana, Ipanema) and the mountains, impressive volcanic plugs, adding drama to the scene.

It is tempting for the visitor to put aside social concerns about some aspects of the Brazilian lifestyle and simply sit back and enjoy it. Reminders of internal stress are, however, constantly present.

The only way to get a true perspective of the indented city of Rio is from the top of one of the mountains, most naturally Corcovado which is

well over 2,000 feet high and is reached by precipitous road or a trolley train through one of the few forests preserved in the heart of a great metropolis. The last stretch of the trip is by a steep, overgrown track but, from the summit, there is a fine view of the city and the bay, with all its bays and islands spread out below and a giant figure of Christ, more than 120 feet high, towering still higher above. Alternatively, or best additionally, you can take two cable cars to the summit of Sugar Loaf, across Rio at the entrance to the bay.

With these bird's eye views, Rio falls into place. On the ground there is some of the chaos you might expect from mixing Portuguese Europeans with the descendants of the country's African slaves, and the remnants of South American Indians. The climate helps to promote a relaxed way of life—the winter months of June and July manage a pleasant 65 deg. F while in the January and February peaks the sea breezes keep down the humidity—but Rio does divide into very separate areas, joined by tunnels through the mountains.

On the edges of town and on the mountain sides huddle the "favelas", the slums, often with populations of over 100,000. From a distance they look picturesque, but their residents have to deal with a bleak reality. Along the sea shore are the smart areas, Copacabana and its successor in prestige, Ipanema, where expensive apartment blocks stretch along beaches three miles long. Here you are in a sophisticated Mediterranean city, spiced up with tropical sights and smells.

It can take over 30 minutes to get from Copacabana to the downtown area of banks and businesses, and many visitors to Rio will hardly visit the commercial and cultural centre. But even here a beach is a few minutes walk away.

For all its size Rio is the place for a beach holiday above all else. The beaches are main thoroughfares with a steady stream of hawkers offering everything from cold beer to sun tan lotion to the Cariocas who somehow find time to spend a few hours each day lazing. A nice feature of the city is the absence of tourists: Rio is geared to its own people and the bars and smart shops, the restaurants offering stand-up "lanches" and the street markets selling every imaginable fruit and veg from cauliflower to bread fruit, which crowd the narrow strip of Copacabana and Ipanema between the beach and the mountains, have a pace and style quite foreign to most fashionable international resorts which make their living making up to tourists.

There is an old part to Rio. Up on the hillside above the bay in the heart of the city where the Portuguese landed in 1567 are the districts of Santa Tereza and Gloria, budding around an early 18th century church of the same name. An artistic colony has been attracted to the narrow alleys, precipitous slopes and colonial-style houses—and to the view across the park and beach of Flamengo, reclaimed this century from the sea.

On the two-mile strip of Flamengo are some of the best modern buildings in Rio such

as the Museum of Modern Art and the unpretentious but charming museum devoted to the glamour of Carmen Miranda, a Rio heroine. Generally in the city old churches jostle with modern skyscrapers and sometimes the two are indistinguishable as in the new cathedral, built like a pyramid, seemingly without doors or windows, and looking like a chocolate whip made from Meccano.

Rio is a 24 hour a day city. The great passion, soccer, is played all night on pitches in the numerous parks, and the beach is never empty. The warmth of the evenings encourages the crowds out to enjoy a night life which is very much Brazilian. There is no sleepy strip of doubtful cinemas and clip joints: Rio takes its pleasures easily and openly. Apart from soccer the main preoccupation is the samba, culminating in the February carnival where for three days Rio becomes a non-stop dance.

The carnival is taken very seriously and is a competitive event, numerous samba schools throughout the city all with their particular colours, devising the words and rhythms of a samba which they hope will gain first prize in the carnival procession. You, too, can perform for one of the clubs—if you show an interest with cash to make the costumes—and at weekends the clubs pulsate with enthusiasts keeping in trim for February under the eye of club officials looking for new talent. One of the best samba clubs is opposite the national theatre and opera house in the grandest square in Rio, Praça XV Novembro. In



The 120 ft high figure of Christ overlooking Rio

congruously housed on the third floor of an ageing office block it is a happy, sweaty place where admission is under £1 and drinks and snacks are remarkably cheap.

You will be encouraged to dance but the whole atmosphere is so relaxed that if you want to be stuffy British you will not be pestered.

There is little packaging of tourists in Rio but one trip suggested by many of the top hotels involves a day visiting one of the many islands to the south. A coach drive through banana plantations and small villages leads to a fishing village, lately occupied by canny old Ronald Biggs, where a schooner waits to chug to an uninhabited island for a swim and lunch, including a few glasses of cachasa, the local speciality made from sugar cane and with the added attraction that anything from fruit juice to gin can be added for a quite superfluous extra punch. The whole day costs between \$36-40.

Rio is different because it remains quite unmistakably non-European despite all the refinements of luxury hotels, smart shops, and Mediterranean style. It has its own leisurely pace which blends the very new, such as car fuel made from alcohol sold on the promenade at Copacabana, with a few yards away on the beach, the very old, where offerings presented at night to Macomb, the gods of

the voodoo religion which retain a hold on the lives of many Cariocas.

In a week I failed to meet one unpleasant Brazilian. The same relaxed casualness which prevents this rich, endowed country from taking its obvious place as a world power has its compensations in an escapist atmosphere: what you are doing as a tourist the Brazilians have perfected as a way of life, although as far as creature comforts are concerned overseas visitors are much better off.

At the moment Brazil is a very cheap place. Deregulation of the cruzeiro means that a decent meal with some of the good local wine and even better cold beer costs £2 or less and a room at one of the luxury hotels, such as those run by the Othon group which has 10 hotels in Rio, ranges from a standard \$38 per person a night at the luxury Othon Palace, overlooking 30-odd stories above Copacabana beach, to \$20 at the Castro el Ves, run by the same organisation and just one block back.

There are package tours to Brazil which considerably lower the cost. The British Caledonian subsidiary Blue Sky is perhaps the leading operator but Kuoni and Dellstar, a subsidiary of Varig, the Brazilian airline, are also active, and can offer two weeks in Rio from around \$500 and upwards, staying at a very reasonable hotel. A carnival time the price jumps by almost £200.

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Accordingly, Japanese International Bank Ltd. (JIBL) has been instructed to pay the dividend to holders of BDRs who have deposited their BDRs with JIBL as depositary. The dividend will be paid on or after 1st July 1980 at the office of the Depositary, Banque Internationale de Luxembourg S.A., 2 Boulevard Royal, Luxembourg L-1011, or at the office of the Agent, Hill Samuel and Co. Ltd., 100 Wood Street, London EC2A 3JF.

Dividend must be left for late clear business days for examination, and may be presented on public holidays excepted during normal business hours and the dividend arising from 30th July 1980, must be presented on or after 1st July 1980.

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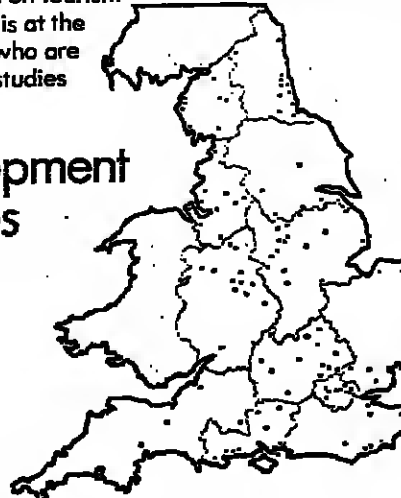
The English Tourist Board's Annual Report, just published, emphasises the Board's efforts during the past year to work with regional tourist boards and local authorities in the identification and promotion of development opportunities. Many of these have been included in the Development Opportunity Portfolios which are published jointly with each of England's 12 tourist regions.

Detailed information on over 100 sites which are currently suitable for hotel development is available in the Annual Report (price £4.50, plus postage and packing) which may be obtained by filling in the coupon. The location of sites is shown on the map below.

Advice on other types of development opportunities in England can be obtained from the Development Officer of the appropriate regional tourist board or from the Commercial Relations Department of the English Tourist Board, 4, Grosvenor Gardens, London SW1W 0DU.

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## BOOKS

## Parisienne

BY ANTHONY CURTIS

**Misia: The Life of Misia Sert**  
by Arthur Gold and Robert Fildale  
Macmillan, £10.00, 338 pages

Misia Sert must have been the inspiration of more paintings than any other woman of fashion in Paris around the turn of the century. There are ravishing studies of her by Renoir, Vuillard, Vallotton, Bonnard, and Toulouse-Lautrec, generously reproduced over 16 pages of colour plates in this book.

She was a long hour-glass of a woman with hair that glinted like burnished brass when piled high. Renoir makes her white necktie glow serenely. Lautrec hints at the ruthless singleness of purpose around the mouth. Bonnard shows her brooding Récamier-like in a medley of clashing reds spreadeagled across an ottoman. Vallotton discerns a vegetable stillness in her either in some intimate domestic interior, or against a mass of foliage on the hottest of summer days. In whichever of these aspects you behold her Misia must have been memorable to meet.

Jean Cocteau said that pleasure was a duty to her and that like a virtuoso at the piano—Misia did have some talent in this direction—she played life as if it were a keyboard, producing dazzling execution from the most mediocre melodies. He made her the heroine of his novel of the first world war, *Thomas L'Imposteur* where she runs her own ambulance unit and goes to the front eagerly as if to the first night of a new

ballet. Proust, who was never so intimate but attended her dinner-parties, used the fantastic side of her nature for the *Princesse de Guermantes* and the more practical, power-seeking traits for *Madame Verdurin*.

Nor were the musicians immune to her charm. As young Marie Godebska of Polish extraction, brought up in Paris, she delighted Liszt and Fauré. Later she was to be the confidante of Diaghilev, the friend of the young Stravinsky (whom she supported financially) and Satie who described her as a magician.

Her greatest talent seems to have been to discover talent in others. Diaghilev really did respect her taste and judgment in musical matters as well as relying on her heavily to fund his creations. In her lifetime she was an inexhaustible well-spring of gossip and it is largely of gossip that this biography by two concert pianists who also write about food in *Vogue* is composed.

At no point is there any obvious dearth of material. Misia's first husband Thadée Natanson was the founder, and editor of *La Revue Blanche*. While married to him she moved in a circle of poets and critics as a kind of mother-goddess of the symbolist intelligentsia, enjoying what was probably her best period.

Suddenly it is as if Sardou had taken over her story. Thadée gives up journalism and goes off to run a mine in Poland at the height of a vulgar opulent man of finance. Alfred Edwards, who pursues Misia indefatigably, Thadée is declared a bankrupt and Misia becomes Mme.



Misia as a young girl by Bonnard

Edwards. In a very short while her husband has found a new mistress, a young actress of ambidextrous talents who makes an outrageous proposal to Misia. Misia divorces Edwards and he dies of that terrible flu that swept post-war Europe, and later helped to kill Cocteau's young friend of genius, Raymond Radiguet.

Misia was on to him too needless to say, and she went to

his funeral, a very grand affair, with her friend Coco Chanel, who had arranged the flowers for it. Misia had by this time married the Spanish painter José-Maria Sert. By now she was the eminence grise of the Ballets Russes. After that she and Chanel began to take drugs. I could continue in this vein but recommend you read the book yourself. I confess in finding it really rather enjoyable.

## Oil lands in turmoil

BY RICHARD JOHNS

Arabia, the Gulf and the West: A critical view of the Arabs and their oil policy by J. B. Kelly, Weidenfeld and Nicolson, £15.00, 530 pages

Dr. J. B. Kelly is not alone in regretting the not-so-distant days when the oil supply lines from the Gulf seemed assured by a Pax Britannica nor in lamenting the sequence of events leading to present unstable exposure to Soviet expansionism. But he is fairly exceptional in the fierceness of his intellectual conviction that the dismal drift could have been prevented by an aggressive policy by the West that he does not define but clearly relates to guano diplomacy of a Palmerstonian kind or the Clausewitz-like military muscle. At the same time, he casually and fleetingly brushes aside the question whether or not the Israeli and Palestinian question might have anything to do with the crisis, let alone an essential issue of it. The Israeli State merits reference on only 14 of 500 pages.

New Zealand-born Dr. Kelly shows himself more traditional than the most nostalgic Briton with an almost archaic 19th-century vision. That has long served him well in his perception of the Marxist menace. But it is tinged with a glaze more akin to the days of the Crusades. From beneath his vitriolic, somewhat Macaulayesque prose seems to emerge a great distaste and contempt for the people of the region, both Arab and Iranian. Dressed up in academic respectability, his polemic is confrontational, a strange manifestation of latter-day "orientalism".

The author is no less vindictive in castigating Western countries to allow their interests

to be threatened by what he sees as dark forces—with the Soviet Union only slightly more so than Islam and Arabism. The contortions of Britain's policy in the South Arabian Federation were unedifying and its departure from Aden was indeed less than dignified.

What Dr. Kelly seems to ignore is what even Tories to the right of centre realised—that Britain's will to remain a colonial power had run down and the Pax Britannica in the region had already begun to look a brittle thing as its powers to do so declined. Dr. Kelly's thesis, such as it is, implies the "rot" began with Aden in 1967 when in reality it went back to President Nasser's seizure of the Suez Canal in 1956.

Dr. Kelly's main substantive involvement in the region was advising Sheikh Zayid, Ruler of Abu Dhabi, in the latter's attempts to persuade him to compromise over Saudi Arabia's territorial independence. Here he is at his most venomous approach, he says, "smacked of the methods of the bazaar." The Kingdom's designs were sinister in nature and unjustified in any way by the pseudo-historical claims trumped up. Dr. Kelly has hardly a good word for him or any of the "Sovereigns' Apprentices" as he describes the Rulers of what is now the United Arab Emirates.

He is equally contemptuous of the problems of the societies and ruling families of Kuwait, Bahrain and Qatar. Typical of an attitude that would have done no credit to a colonial administrator are the slant of his remarks about how the introduction of education in Bahrain in the 1920s, a praise-worthy achievement, had merely created revolutionary potential. He is surprisingly uninformative about the prob-

lems of the Shi'ites of the Gulf, one of the highest potential sources of an upheaval. Does that betray a genuine lack of understanding and interest in Islam, as well as lack of sympathy for it?

About Iran, he is wise with hindsight about the folly of the U.S. and Britain encouraging the Shah to puff himself up as thegendarme of the region by selling him sophisticated expensive weaponry that his people would prove incapable of maintaining or using, but contributes no insights into the fall of the big domino of the Gulf. But the major local villain of his piece, Iraq, is cursorily described as a dutiful client of the Soviet Union, a projection that was never valid and over the past year has become a complete distortion. Predictably, only Oman wins any approval from the author.

Dr. Kelly's most powerful venom is saved for Saudi Arabia, his old foe in the frontier dispute, whose ruling family are universally depicted as plundering and untrustworthy bedouin. He notes that "truth-seekers" are generally not welcomed by the authorities in the Kingdom. True enough but the implication that he has not been there seems confirmed by his reference to "the sophisticated delights of Riyadh and Dahrhan," certainly unnoticed by other scholars and journalists travelling over the past decade or so.

The omission would hardly condone his gross estimate that Saudi (private) as opposed to state investment may now amount to \$500m. Very relevantly he questions the economic and social viability of the industrial development planned by the Kingdom, where he says, the cost of constructing a project are three or four times

more than in the West—compared with the 25-50 per cent estimated by experts.

Saudi Arabia's efforts to restrain oil price increases in 1977-78 are said to have been motivated only by pecuniary greed—a gross distortion, if not a travesty of the facts. No positive suggestion is made how to solve the grave political and social problems on which the West depends so heavily for its energy.

Dr. Kelly charts the course of the Organisation of Petroleum Exporting Countries' assertion of its power and the Arab oil embargo of 1973. Condemning the Western world for its pusillanimity in believing in these "hobgoblins, the energy gap" and "the oil shortage," exaggerating the intrusion of regional politics and showing little understanding of OPEC's real nature, he attributes the whole process "largely to the enduring and deep-seated resentment felt by the Moslem states for the Christian West." That leads to the sweeping but unqualified generalisation to the effect:

"If Israel had never existed, some pretext or other would have been made by the Arabs to bring the Soviet Union into the Middle East." The majority of observers, at least, objectively believe otherwise in the continued absence of colonial regimes in the region and also see Israel as basically opposed to Marxism. So, too, confusingly does Dr. Kelly at one point of his narrative. Commenting on the Soviet Union's undoubted domination over South Yemen he makes fleeting reference to the nature of Islam acknowledging that "against this rock the windy pronouncements from [the Communist regime in] Aden heat in vain." The polemic is badly flawed.

## First master of chic

BY LUCINDA WETHERALL

**Worth: Father of Haute Couture**  
By Diana de Marly, Elm Tree Books, £12.50, 210 pages

Diana de Marly tells of Worth's trials in becoming the father of haute couture.

Worth was not short of problems. He was born into a poor family in Lincolnshire and had little formal education. At the age of 11 he became an apprentice to a draper, making lilies

Easter bonnets in his spare time until he saved up barely enough money to cross the Channel to France. It was a seemingly impossible task to get established there for 1848 was the year of revolutions and the deposition of King Louis-Philippe. Clothes were modest and subdued and the prospect of setting up a fashion house in Paris looked bleak. Worth continued to experiment, invent and persevere, although he was

often tempted to return home to England.

When Emperor Napoleon III came to power he transformed Paris dramatically from a depressed and militant town into a glittering metropolis. Colourful balls, court receptions, grand dinner parties became popular encouraging women in the upper reaches of society to become fashion-conscious.

It was then that the Empress of France discovered Monsieur

Worth and chose him to be her couturier. His genius, imagination and insight into clients' needs attracted noble custom from all over the world. He dictated the fashion, introducing wide skirts, high waists and Lyon brocade to debutantes and noble ladies. As a extempore turns into a butterfly, M. Worth turned from a mere textile salesman into the grand dandy of haute couture. Diana de Marly tells his story in lively form.

## Fiction

## On the ropes

BY MARTIN SEYMOUR-SMITH

**Vision Quest**  
by Terry Davis, Chatto and Windus, £5.95, 197 pages

**The Education of Don Juan**  
by Robin Rorby, Macmillan, £5.95, 452 pages

**Mulligan Stew**  
by Gilbert Sorrentino, Marion Boyars, £7.95, 446 pages

**Abracadabra!**  
by Wolf Mankowitz, Macmillan, £5.95, 165 pages

Terry Davis is a 33-year-old American who was once a High School wrestler; since then he has taken up a post as a teacher of creative writing (which must be, on his own account, rather less arduous). In his first novel, *Vision Quest*, he has drawn on the experiences of his late adolescence, to give us a vivid first-person account of the tribulations of a High School wrestler called Louden Swain. This probably won't attain the vogue status of *The Catcher in the Rye*—the comparison is irresistible—because Salinger's book was published at just the right time but it may well be a better book about growing-up, and may therefore last as long or even longer. I for one think it should.

The author writes in a spare, simple prose, without affectation; and he keeps to his main themes: the fact that poor Swain has to shed six or seven pounds in order to make the weight for his match, his first love for a girl—and his progress into adulthood. This last is seen, through his own narrative, as an inevitable consequence of the work he is doing, and of the love he is feeling. The real triumph of the book is the account Swain gives of his almost impossible efforts to get down to 147 pounds. This involves him in much suffering

and hunger, and forces him to stick to a repulsively monotonous diet. This struggle, between weakness and strength—but Swain must be strong enough to fight even after he has submitted himself to a terribly weakening process—is the real key to the book. Its lucidity is what will attract many readers: Terry Davis eschews convolutions and over-subtleties in the interest of a straightforward record of the difficulties of growing up, and his choice of a competitive sport adds to, rather than detracts from, the value of a powerful and exquisitely positive novel.

*The Education of Don Juan* is the history of between-wars Europe told through the medium of a modern Don Juan. Real people such as Nancy Cunard and Malraux are brought in, and the history is nominally true. But this is not a serious hook, although it is intended to be. Rather, it is pretentious: a product of an intelligent and systematising mind rather than a truly imaginative mind.

First, the Don Juan of Robin Hardy is a far too synthetic figure. He shows signs of having studied the original legend of Don Juan—which has its roots in history—but chooses to make his central character into a series of not very consistent variations on Mozart's Don Giovanni. To do what he wanted to do, he would have had to examine the legend as a whole, and to see and demonstrate its nature—a chief feature of which is Don Juan's hatred of women. Here Hardy fails dismally. This is a brave try, but is only readable in parts, and is far too long. Doubtless a screen version would be exceedingly watchable, if not very profound.

Someone in America has said that Gilbert Sorrentino's *Mulligan Stew* is "flawlessly organised." This worries me about knowledge of their 150 years of history. Evocative pictures of cloth-capped labourers and downtrodden miners remind us that there was an heroic achievement bravely won. The heroism has now gone but the battling instinct has not. Lewis Carroll's restless Red Queen seems to reflect the common union attitude for more in its battle against inflation: "Now, here you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that." Mr. Winsbury puts it all adroitly into perspective.



Terry Davis: ex-wrestler turned writer

the state of American reviewing, for the truth is that it isn't organised at all. Sorrentino, known hitherto more for his verse than for his fiction (his two other novels appeared as *The Winter of the Time*, 1949 and *John Holmes—On Target*, 1973) is one of those American writers (he was born in 1929) who says exactly what he likes without reference to form or structure—or—I am tempted to add—sense. His critics have had to talk about him rather than about his writings, since these are not markedly coherent. "I am sick of myself," he has written in a poem. I am afraid that I got sick of this long, zany, over-self-consciously "mad" novel, which the English publisher calls an "incredible tour de force." That choice of words points, for me, to the novel's failure at any level.

*Mulligan Stew* tells of Anthony Lamont, a modernist

novelist who is trying to write a murder story which will fulfil the requirements of modernism, of which the author has no very clear notion. His life integrates—to the extent that he was himself ever at all integrated—and his novel becomes crazy and of course increasingly erotic.

*Abracadabra!* is one of Wolf Mankowitz's better black/white/Jewish comedies. A very old man dreams, in 2013, about his childhood in 1939. The tale is a mix of East End life and alchemy, and is held together only by the author's very best in the realistic than the "magical" vein. The book is wildly vulgar, but this does not seem to matter: vulgarity in Mankowitz is only chutzpah, after all. This is not only a good, but also a fairly superior, read. The author's linguistic vitality, which has often failed him, has to a large extent "come good" in this extravaganza.

## A FINANCIAL TIMES SURVEY MIDDLE EAST OIL AND GAS OCTOBER 31 1980

The Financial Times proposes to publish a survey on Middle East Oil and Gas in its edition of September 10. The provisional editorial synopsis is set out below:

**Introduction.** The increasing and crucial importance of the Middle East as the major exporter of oil in the world and the originator of 80 per cent of OPEC's production. The past 18 months have seen the OPEC price more than double. The drastic erosion of the major oil companies role in oil supply and the effect this has had on prices, as direct government and spot market sales have increased. The fragmented OPEC price structure and efforts to reunify it. The OPEC long term strategy committee and the failure of cartel members to agree to implement it. The future of the Middle East as an oil producing region.

**Gas Exports.** Increasing importance of gas as an energy source; Middle Eastern suppliers and the increase in gas production and exports from the region; Algerian gas price arguments; technology.

**The Rise of the State Oil Companies.** The decline in the role of the major oil companies in marketing Middle East crude; the transition to state oil company marketing; the effect the transition has had on the majors and on the oil market; the market pattern which is now developing.

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## After the cloth cap

BY KATE MORRISON

**Trade Unionism**  
by Rex Winsbury, Hsmish Hamilton, £4.95, 96 pages

Half of Britain's working population of 22m belong to the trades unions. As Rex Winsbury points out, the unions have become "a fact of contemporary life." Here is something for the latest batch of school-leavers to ponder, for many a job goes hand-in-hand with union membership. Clearly the book's greatest appeal will be to those in this age bracket. It is part of a series of books for the young on People and Politics.

A cool appraisal is given of the contradictory views surrounding this subject. The author examines the grey areas that exist between two extremes of attitude to the unions. On one hand the despondent view that the present structure is an anachronism; on the other, a more radical view that capital should be put at the command of labour.

The book is presented on two levels, past and present. The author believes that understanding of the state of trades unions today is dependent on a

knowledge of their 150 years of history. Evocative pictures of cloth-capped labourers and downtrodden miners remind us that there was an heroic achievement bravely won. The heroism has now gone but the battling instinct has not. Lewis Carroll's restless Red Queen seems to reflect the common union attitude for more in its battle against inflation: "Now, here you see, it takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that." Mr. Winsbury puts it all adroitly into perspective.

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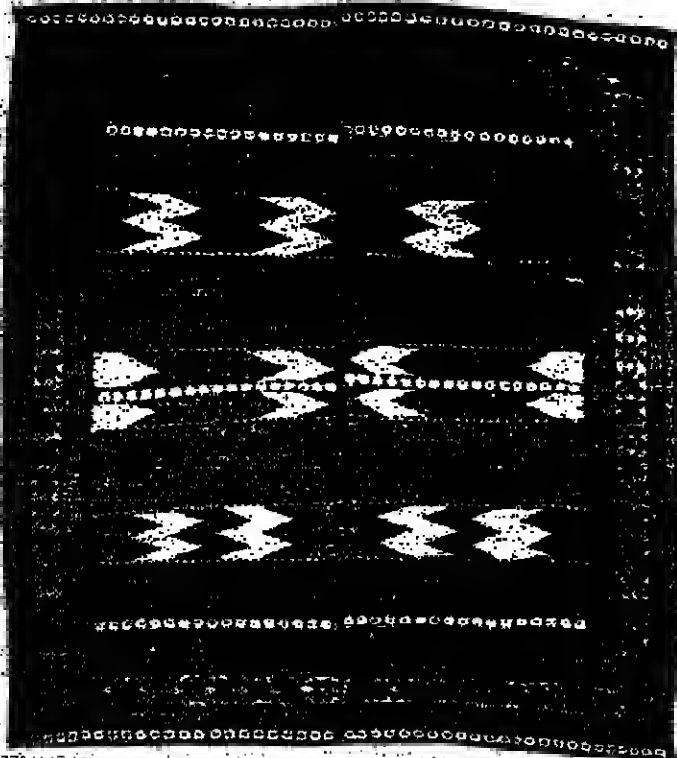
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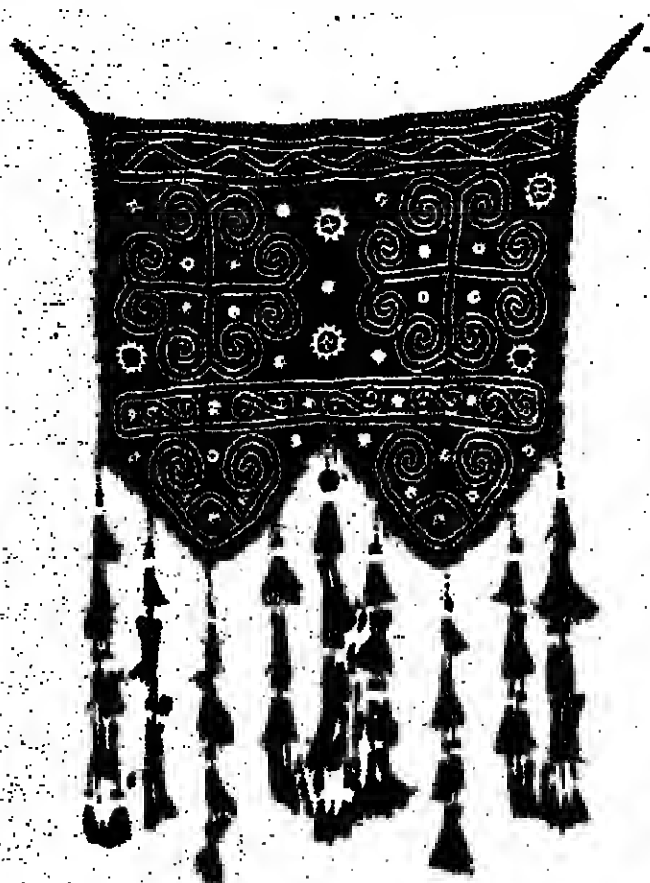
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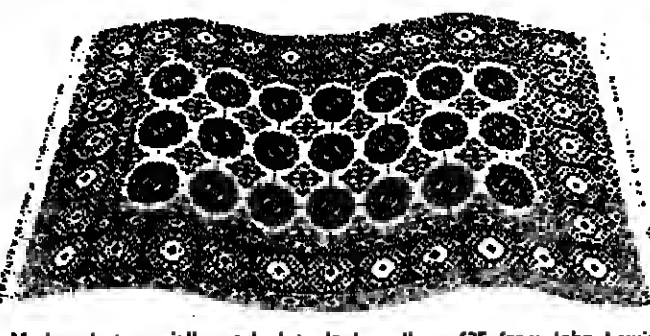
A Balouch kelim used by nomads, £285 from the Rug Shop

## On the mat

NO single item does more for a room, in my view, than flooring. Once the floor looks good, the room looks almost finished. Most decorative of all are really good rugs. Fine Oriental rugs have been rising fast in price for many years and though I don't have the precise statistics to hand I know that a good Oriental rug has well outstripped most shares in capital appreciation in the past few years. The unrest in two of the main countries of origin, Iran and Afghanistan, hasn't helped the situation and as supplies become more erratic prices aren't likely to go down. The Rug Shop, at 10, Eccleston Street, London, SW1, has gathered together a unique collection of treasures all of which had been collected over the years by leading families in Afghanistan and all of which have been brought out of the country in the wake of the Soviet invasion. Many of the rugs on sale are exceedingly beautiful and will become increasingly rare there are rugs, kelims, saddle bags, horse blankets, camel trappings, donkey decorations, Kuchi tribal bags and domestic textiles of all sorts. Though the really rare and special things are to be found in the exhibition, which will run until August 1, the shop always has a good selection of kelims from Turkey, Iran and the Caucasus, as well as horse blankets, donkey saddles, and cushions of all sizes made from



Also from the Rug Shop is this appliqued felt Kuchi bread bag, £75



Modern but specially washed to look mellow, £35 from John Lewis



Handwoven druggel in Aztec pattern from Nice Irma's, £35

Most of the year this page is concerned with different ways of spending money—from the small and practical buys to the sometimes frankly luxurious. What I hope to do is to offer something for everybody, to deal in anything and everything of interest, whether it be as small as a new ballpoint pen or as special as a once-in-a-lifetime present. However, times are hard for many and it seemed a good moment to look at HOW TO EARN IT. This week, therefore, SALLY WATTS starts the first of a four-part series designed to help those women who have, for various reasons, been out of the employment market for some time but who now feel they would like to know ways and means of earning something for themselves.

## Taking the plunge

IF YOU are one of the many wives and mothers who would like to earn money in order to compete with rising prices, do not be put off by the unemployment figures. There are plenty of ways to earn, besides being on a company's payroll. But if a staff job is what you prefer, remember that technology could be the key.

First, take stock of your aims, needs, and interests. What are your family commitments? Do they allow you to work more or less full time, or for only a few hours a week? Do you have any qualifications, training or skills? (Include rusty skills, as these can usually be brought up to date.) Could you use the things you have learned as a

housewife and a mother? Decide, too, whether your aims are long term or short term. If the former, you may want to study for a degree or some qualification that will secure you a job in a particular business or profession. More immediately, there are various short courses, of about six months in practical subjects like catering.

In both cases, contact your local education office, polytechnic and colleges of further education, to find out which courses could help you. For practical subjects such as shorthand typing, audio-typing, computer programming and for management training, ask also at your nearest Jobcentre for details of TOPS (Training Opportunities Scheme) courses. You may discover at a local college or poly one of the short courses aimed at married women returners probably costing only a few pounds; these give information about opportunities, training and re-training, and help students (of any age from the 20s to late 50s) to assess their potential as well as being confidence boosters.

A pre-degree course was held last term at the Middlesex Polytechnic in London to give people an introduction to study skills and help them decide if study was right for them. Mrs. Stella Rosenak, the course tutor, realises that many housebound women have not had a change of routine for years, and saw this part-time, six-week course, which cost £20, as a way to get them out of the home, encourage them to look around, relax and become more confident. A similar course, with the introduction of seminar groups, is planned for next May and early enrolment is advised. At the beginning of October the Poly will hold a lunchtime and evening course covering what they have chosen to call, respectively, Wedlocked Women and History from Women's Perspective. Don't be put off by the titles—the courses are good ice-breakers for those wanting to return to work.

Back now to technology, which provides the skills that employers will look for in the 1980s. "So desert the traditional female role and venture into the male one," advises careers expert Ruth Miller. If you apply for a TOPS course,

look beyond the usual subjects for women, she urges, and you may find it a lot easier to re-enter the job market. And if you trained in something like occupational therapy, do not pin your hopes on returning, as there is so much competition from younger people.

Instead, get an O-level in maths at evening classes, or see if your local polytechnic runs a poly-maths course for beginners. If you are numerate your foot is on the first rung, and you can follow up with a short course in motor mechanics, micro-electronics, computer programming and so on.

One indication of the move to technology is that Hillcroft College in Surbiton, Surrey, long noted for its liberal study courses for women, now believes it is time to break new ground and plans to start a two-year technological course in September, 1981. The idea is that it will be full-time, include maths, computer studies, basic science and technology, and be open to day and residential students, funded by their local authority. Don't worry about qualifications, the college will give a basic aptitude test.

Remember the Open University requires no qualifications. The Faculty of Technology offers a wide selection of subjects like telecommunications, systems behaviour, systems management. These courses are organised on a modular basis and it can take years to build up the credits for a degree. It also has one-year courses, useful to people who trained some while ago and want to return to work, such as social workers and teachers. Enrol through your local region by October 1.

A great help for anyone considering a return to work is the Penguin Careers Guide for Women and Men by Ruth Miller. It costs £1.95, and each career includes a section for late starters, plus advice to people coming back after a break. Remember, you don't know what you can do until you try, and then you may surprise everyone—even yourself.

Next week: Making Your Hobby Pay.

## As safe as houses?

I HAVE become somewhat security conscious since my hotel room in Madrid was burgled during a 20-minute absence one day (very nasty, whoever it was took air-ticket, all money and all credit cards and if my kind hosts hadn't hailed me out I don't know how I would have got home). There's not too much one can do about that kind of experience (except never, ever leave your money and credit

cards in your hotel room) but you can do something about protecting your home.

The statistics nowadays are terrifying. Our neighbours were burgled one bright, sunny afternoon recently (one of the few) and discovered that that day in our area of London there had been 14 burglaries and since the beginning of the year there had been over 1,400 altogether. Apparently one in six London

homes is burgled annually and one in 12 is burgled twice annually.

You can, of course, go in for a complete security system and I have written about these from time to time in the past. If you are interested in one of these you can call in firms of experts to advise you and the police are always only too happy to help householders devise a system that will beat shtj them.

However, almost all the experts seem agreed that there is very little you can do to prevent the really determined burglar from entering your home. What you can do is to take measures to protect the things that really matter most to you. This week I've decided to look at a few of the smaller devices that might be the answer to some of the problems.



A good, sturdy padlock is not always easy to find. Photographed left is a very stylish high security lock by Bramah Security Equipment which won a Design Council Award earlier in the year. Though it may not look very revolutionary it does signify a departure from tradition in that it is cylindrical in shape and is made from stainless steel rather than brass. Though the Design Council particularly praised its sculptural shape it is immensely strong and secure as well. It can be found at most locksmiths and costs £24.65 (and is supplied with two keys) but those who have difficulty finding it locally should contact Bramah Security Equipment, 31 Oldbury Place, London W1.



Photographed right is a wall safe, called the Crado Hideaway which has a combination lock and can be installed in wall or floor or even in a piece of furniture. All the knobs on the lid are recessed so that the surface is flush. Any handyman should be able to install it. Made of 18 gauge steel, it measures internally about 9 ins by 9 ins by 4 ins, which should give enough



Jan Wheeler

I was in two minds as to whether it was wise to feature these extraordinary devices from America but decided that if people didn't get to know about them they couldn't actually buy them and hopefully our readership profile doesn't include too many of the wrong sort of people.

Sylvia of 25 Beauchamp Place, London SW2, sells these marvellously authentic looking cans that actually are storage jars—into them you put your jewellery, your precious bits and pieces and leave them lying nonchalantly



in the fridge or in the corner of a room, looking for all the world just like cans of motor oil, Coke or beer. Not only a good idea to keep in the house but also to take when picnicking and swimming for holding watches, rings and the like. The larger tins are just over 5½ ins tall and cost £8.95, the smaller ones are 4½ ins and cost £5.95. Sylvia will post either for 95 p.p. extra. She hopes readers won't be too fussy about which can they order—stocks in general are plentiful but she can't always guarantee a particular model.

Not so much a burglar-deterrent—more of a safety-deposit for all those documents like birth certificates, share certificates, wills and the like that you would be lost without.

The Crado Survivor is called the Survivor for the obvious reason that it is almost totally fire-resistant. It measures about 13 ins by 8 ins by 17½ ins deep and can be lifted easily by one person and carried from place to place. It weighs only about 35 lb and is said to be as fire-resistant as two feet of solid concrete. When tested in a furnace at

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Previews of Autumn Collection



## ARTS

## Holiday foursome

BY ANTHONY CURTIS

William Trevor handles radio drama with the same easy assurance he brings to novel-writing and short stories. His new play broadcast this week, *Beyond the Pale* (Radio 3, July 8), was, like his previous one *Attraction*, about Ireland and its two faces, the idyllic end the tragic.

Mr. Trevor's way of approaching the tragedy is by close observation of ordinary life. He leads us through the crack in the teacup that leads to the land of the dead. For the first 20 minutes or so of this new radio play, set in Glencorm Lodge on the Antrim Coast, one might have thought we had here a high-grade comedy. The lodge is an efficiently run country house hotel whose beautiful lawns run down to the sea and whose loyal guests return year after year for a complete rest. The attentive couple who own the place the Maiseeda (Michael Spice and Penelope Lee) minister discreetly to your slightest needs and the chef makes an excellent lobster bisque. A bridge four from Leatherhead, the Strafes (Maurice Denham and Sylvia Collier), Dekko (Jonathan Scott), an ageing bachelor, and Milly (Prunella Scales), a widow have been staying at the lodge regularly in June for two weeks for some years.

Their holiday pursues its normal course save for the presence of a rough-looking fellow in the lounge whom Maiseeda assures them was a last-minute overnight hooking on the phone and will be leaving the next day. He turns out to have known the house as a child, and to have discovered his childhood sweetheart has become a manufacturer of bombs for the IRA. He interrupts Mrs. Strafe's reading to tell her his life story, then he jumps off the rocks into the sea to drown.

Here was a radio drama that revealed how the medium may be used with both economy and resourcefulness. Mr. Trevor was sparing in the use of sound-effects. He merely cross-cut occasionally from the trivial leasured chatter in the hotel lounge and bedrooms to the hiss of the sea overlaid by children's voices and gunshot, underscoring the fact that this place had a pest, that it authentically was a part of Ireland with an uncontrollable element ready to destroy the innocent calm.

Gradually uneasiness broke

into the reassuring tones of the narrator, the widow of the party (Prunella Scales) and who, it casually emerged was Strafe's mistress. The two men were at school together and as was clear from their constant stream of anecdote had never got over it. But after the unfortunate incident had occurred the main burden fell upon Strafe's wife whose own sufferings and sense of history made her an instinctive source of attraction (like the woman-teacher Attraction to Mr. Trevor's previous play) to the stranger. Sylvia Collier's ravings in a voice as rich with doom as the sea, shattering the fragile holiday alliance.

Once had the privilege of meeting Ivy Compton-Burnett. It was just before one of her novels had been performed on the West End stage. "Do you think it must have been difficult to turn one of your novels into a play?" I asked. "Not in the least," she replied, "it's all done for you." I intend no disparagement of Prunella Allen, who dramatised A. P. H. and his Fate (Radio 4 UK, July 7), when I say that listening to it I think I saw what Dame Ivy meant. Even the improbable Greek tragedy elements in her plotting can be turned to advantage on radio where you cannot see the faces of the actors as they recount them. Here we learn that a wife presumed drowned, whose husband plans to marry his nephew's girl, has returned from the dead in the nick of time. Of all Dame Ivy's tyrannical Edwardian papas, Miles Mowbray must be the most outrageous. Joss Ackland's bravura performance brought out the key to the man, his gift for dramatising himself, enabling him to come back irrepressibly in a new role after each fresh crisis. His guilt is unforgotten by the author with the deftness of a trained nurse disclosing a mortal wound. Skilled radio performers like Elizabeth Spriggs, Maureen O'Brien, Petra Markham and Brian Carroll wrung the last ounce of delicious, bitchy nuance from the formal dialogue in John Cery's production.

Thursday's Afternoon Theatre on Radio 4 *The Pot of Gold* revived a comedy by Plautus in a breezy modern version by Martin Wade. The strength of a wealthy man's attachment to his money remains as good a laugh now as then. Nigel Stock, the Roman miser, led the rout with pantomime zeal. A pleasant change.

Nijinsky and Darsarina in *Spectre de la Rose* by Robert Montenegro 1910

## Erté

BY WILLIAM PACKER

The fields of what we might call the related fine arts, that is to say illustration in its several aspects, and its allies in the worlds of theatre and fashion, lay neglected for so long that the present enthusiasm for their rediscovery is hardly surprising. The explanation for that comparative neglect is simple enough, for by its very nature so much of the primary material tends to suffer in some way, qualified by the actual processes of use and reproduction, discarded, rescued illicitly if rescued at all, probably destroyed. Even today the artist who requires the return of his Art Work is by no means the rule: which is a great pity, for as a direct consequence a great many very beautiful and remarkable things are lost to us; hence the present enthusiasm for what does survive.

Charles Spencer is a proper and splendid rescuer, and his particular researches into the

work of Erté and Bakst have proved of real and pioneering importance. Both artists worked with the Ballets Russes in the years before the Great War (and Erté's extraordinary career still continues, his latest designs gracing the new production of *Rosencavalier* at Glyndebourne) in the Paris of Diaghilev, Picasso, Poiré, and Spencere's latest exercise (at the Downmunt Gallery, 7, Old Bond Street until July 26) is to establish something of the flavour of these times, in particular to set Erté in the context of his less well-known, but equally talented contemporaries. Thus he shows us choice items by George Leppé—frustratingly few of them, by Benito, Mary, et alios all conspicuous quite as much for their charm and period interest as for their technical excellence. Not everything is of great weight, many things frankly slight—but the quality of the most stylish professionalism shines through.

## Festival at Tours

BY DAVID MURRAY

The 17th "Fêtes Musicales en Touraine" concluded last weekend with the appearance of Sviatoslav Richter, the presiding spirit of the affair since its inception. It is an annual week-long festival, a bird concert from Friday to Sunday, only in the evenings this past weekend, leaving the visitor exposed to daytime seduction by the nearby châteaux of the Loire. (And the Vienne, and the Cher, and the Indre: all within an hour or two's drive.)

The festival itself, unlike many another, is not principally for visitors. The Tourangeaux are much involved with it. The concerts take place in a 13th-century barn—the Grange de Mealey, at once imposing and rustic—a few miles north of Tours on the Chartres road. The setting ensures a certain informality: as Richter began a Beethoven Concerto, a bird joined him full-throatedly from the eaves.

The effect, then, is Glyndebourne-with-a-difference. No visible bats, for one thing; everything starts at least a quarter-hour late, this being France; and although there is orderly parking in a meadow, the competitive haste to get away at the end entails much cramping of fenders. Dinner

before the concert is presupposed, and at the Grange coffee comes only from a machine, notably concealed beneath a large, dark bush. Inside the Grange, huge and half-lit, the performer is a lighted promontory in the middle of one side. Two giant root-supports pierce it. On Friday and Saturday the winds of the Chamber Orchestra of the Budapest Academy of Music were arranged behind them, to some disadvantage.

The young Budapest players proved in any case to be unimpeachable performers: technically sound, plainly musical but curiously reluctant to admit any personal accents in their music. The interest of their concerts lay chiefly with their successive conductors and their soloists. On Friday, under their regular conductor Albert Simon (Hungarian, not French), they addressed themselves to Mozart's 33rd Symphony with listless rectitude, and in Hummel's E-flat Trumpet Concerto supplied a decorous background for their compatriot Fal Petz, a strikingly lyrical trumpeter. Bartok's *Divertimento* for Strings drew a bolder attack from them, led by a first lady violinist—there was but a single male in her section—with an

enviously big, confident tone. Even there, the thrust of the performance was restrained; the "Hungarian snap" in the tunes was invariably flattened-out; and that is not a mere tourist expectation, for impeccably canonical Bartok playing has established it.

On Saturday the baton passed to Aviva Einhorn, a prize-winning young Frenchwoman who elicited more expressive commitment from the orchestra in Wagner and Mendelssohn. In its original chamber version, lovely to hear, the *Siegfried Idyll* needed more sonorous authority from the leader, this night the lone male first violin, a gentle soul. There was accomplished grace and even verve in the "Italian" Symphony, for Michel Portal—best known for his services to contemporary music—stole the evening with the clarinet concerto of Mozart: the hatched-breath sensitivity he displayed, imaginatively intense in every detail, put one in mind of our Nell Black's exquisite, deliquescent manner in the oboe concerto.

Tence to Richter on Sunday, with a programme unannounced until that night. He has cancelled London and Paris performances this season, but evidently remains loyal to Tours.

He settled upon two Beethoven sonatas—op. 10 No. 2 and op. 31 No. 2—and Schumann's *Cmajor Fantasy*. Richter's "favoured" Yamaha piano was not flattered by the spacious depths of the Grange, but the instrument renders the execution quite transparent and the earlier sonata in F fairly hummed with intimate life. The D minor sonata had all its ambiguous emotional breadth marked out in black and white, with magisterial austerity. Schumann's Fantasy is currently in the forefront of the repertoire, by which the familiar turns of fashion, and subjected to many a harsh deformation. It was marvellous to have Richter's confirmation that the opening movement really can soar passionately, and yet turn aside for tremulous whispers: that the old Marche can contain both towering exuberance and "intimate" warmth; that the final section brings a radiant transformation. Again in his scores he offered Schumann's "Aufschwung", and Chopin's E minor study brilliantly within a strict stylistic limits, and a grave howl to his audience with the "Canope" of Debussy, made potently suggestive with the simplest means. No festival could work a better spell.

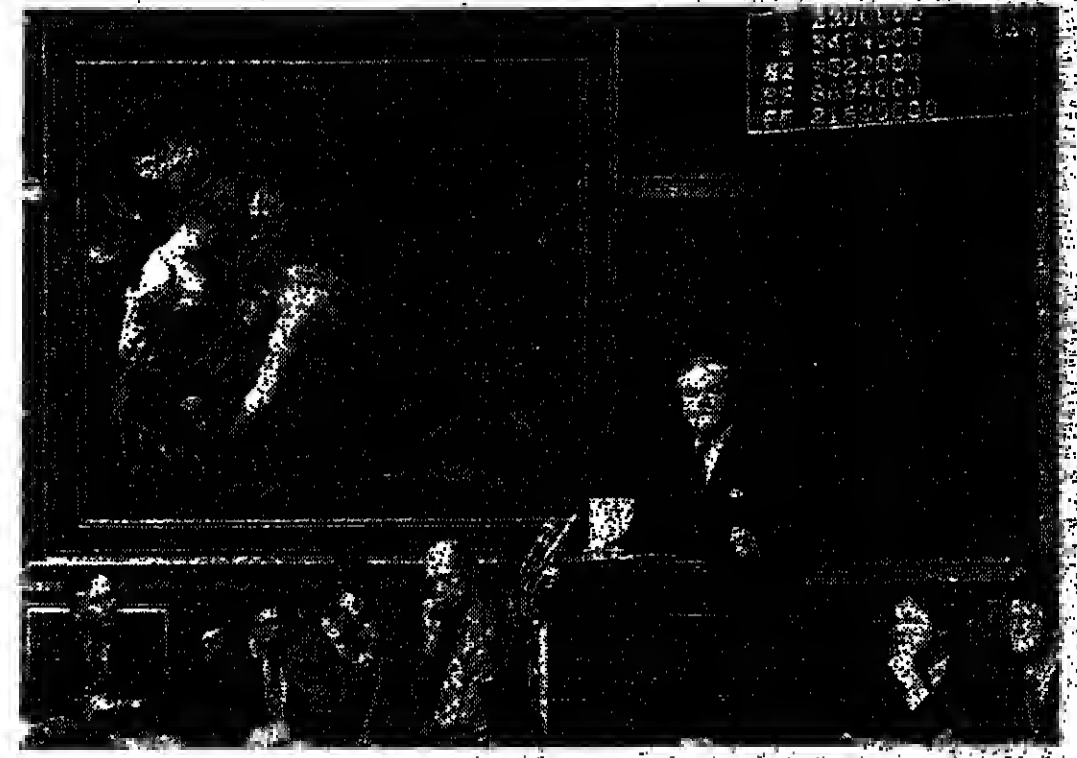
## British Art 1940-80

Over 400 works, including sculpture, paintings, drawings, prints and photographs make up the exhibition *British Art 1940-80* which has opened at the Hayward Gallery on London's South Bank and which continues until August 10.

## Arts Council creative writing fellowships renewed

The Arts Council has approved the renewal of two creative writing fellowships in Gravesend and Bognor Regis for the academic year 1980-81. The fellowships enable writers to work within an educational establishment, to stimulate the students' own creative activities and to have time for their own writing, while being free from financial pressures.

The two people concerned are Richard Burns, who has been re-appointed creative writing fellow at the Victoria Centre for Adult Education, Gravesend, and Leslie Norris who has been re-appointed creative writing fellow at the West Sussex Institute of Higher Education, Bognor Regis.

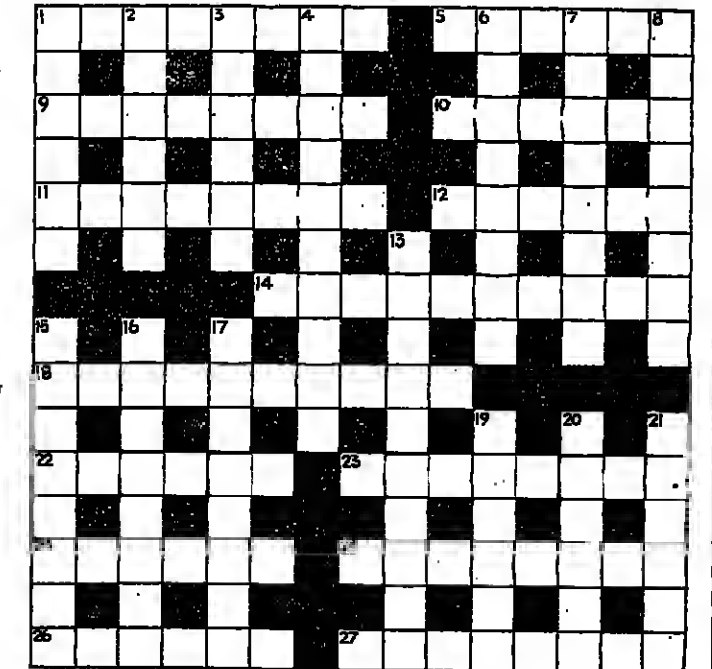


Rubens' "Samson and Delilah" goes under the hammer for £2,300,000 at Christie's yesterday. The purchaser was art-dealer Agnew's acting for the Trustees of the National Gallery

## F.T. CROSSWORD PUZZLE No. 4,320

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4A 3DF. Winners and solution will be given next Saturday.

Name \_\_\_\_\_  
Address \_\_\_\_\_



- ACROSS**
- Plenty of corporal punishment (8)
  - Goes up to centipede's outstanding feature (6)
  - How dwarf finishes letter to second person (8)
  - Backing Northern Ireland team serving prison sentence (6)
  - Water additive complaint ought to go by bus (8)
  - Followed pure sound (6)
  - Increase power of sage darning to be different (10)
  - On good terms invariably with surprised expression (4, 5)
  - N we hear stands for naval person (6)
  - Father at bar has one way of becoming a ridiculous writer (8)
  - Individual Poles last month abuse bung awkwardly in moss (8)
  - Classes receiving information on time (6)
  - Impression equity shares make of Admiralty people (3, 5)
- DOWN**
- Keep away from hedge (3, 3)
  - Tossed play on words in small mouthful (4, 2)

**SOLUTION TO PUZZLE No. 4,319**

ACROSS: 1. TROUSERS, 2. CLOTH, 3. PANTS, 4. SKIRT, 5. DRESS, 6. COAT, 7. JACKET, 8. SUIT, 9. TIE, 10. SHOES, 11. GLOVES, 12. HAT, 13. SCARF, 14. STOCKINGS, 15. BELT, 16. BAG, 17. SHOULDER BAG, 18. WALLET, 19. PURSE, 20. CASE, 21. COVER, 22. PROTECTOR, 23. GUARD, 24. SHIELD, 25. BARRIER, 26. FENCE, 27. RAILING, 28. RAMPART, 29. BASTION, 30. TOWER, 31. CASTLE, 32. FORT, 33. BARRICADE, 34. TRAP, 35. PIT, 36. DITCH, 37. TRENCH, 38. GRENADIER, 39. MINER, 40. Sapper, 41. ENGINEER, 42. ARTILLERY, 43. CANNON, 44. MORTAR, 45. PIESTON, 46. BOMB, 47. GRENADE, 48. MISSILE, 49. PROJECTILE, 50. SHOT, 51. BULLET, 52. CARTRIDGE, 53. RIFLE, 54. PISTOL, 55. REVOLVER, 56. GUN, 57. CANNON, 58. MORTAR, 59. PIESTON, 60. BOMB, 61. GRENADE, 62. MISSILE, 63. PROJECTILE, 64. SHOT, 65. BULLET, 66. CARTRIDGE, 67. RIFLE, 68. PISTOL, 69. REVOLVER, 70. GUN, 71. CANNON, 72. MORTAR, 73. PIESTON, 74. BOMB, 75. GRENADE, 76. MISSILE, 77. PROJECTILE, 78. SHOT, 79. BULLET, 80. CARTRIDGE, 81. RIFLE, 82. PISTOL, 83. 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# The switch in emphasis

IF AN epitaph were ever required for the Thatcher Government's economic policy—and most responsible citizens must hope that this need will not arise—it could surely be a version of Professor Friedman's famous dictum on monetarism: "Control of the money supply is a necessary and sufficient condition for reducing inflation; it is necessary, but by no means sufficient, in restoring the economy to health."

The events of recent weeks have gone some way to dispel doubts about the first, positive, part of this assertion. They have also given those Ministers who might previously have assumed an almost unlimited potency for the monetarist cure cause to take the second, comforting, part of the monetarist doctrine to heart.

The outlook for inflation has undoubtedly improved. Most economists would now agree with the prediction made by the Chancellor on Thursday that, despite the setbacks of the last week, inflation will fall back to 16½ per cent by November, as the Treasury had forecast, amidst widespread scepticism. A further deceleration towards single figures during the next year is gradually becoming the consensus expectation, shared even by non-monetarist forecasters, rather than a mere statement of faith in the Government.

## Target range

The OECD, for example, this week published a forecast for 16½ per cent inflation in the first half of 1981. Meanwhile, the preliminary monetary figures have confirmed that the money supply is moving unmistakably albeit slowly and unsteadily, into the target range. There should be little difficulty about keeping it there as the recession takes hold.

But there is no cause yet for Ministers to jump for joy, or even heave sighs of relief. As Professor Friedman has pointed out, falling inflation and monetary control are only the preconditions for tackling the real economic challenges which the Government will face over the coming years. So far the Government's policies on the real economy, in which unemployment, industrial decline and administrative waste exist, are in an inchoate state. This may not be surprising, since inflation has been the overriding threat in the Government's first year. But this summer Ministers will have to think hard about the problems of government spending, fiscal balance and, above all, pay and unemployment, which inflation will leave in its wake.

This week's figures on government borrowing and spending, which showed a large jump in the central government borrowing requirement, caused mainly by public spending rising more rapidly than the Budget plans allowed, are a

reminder that much can continue to go wrong beneath the surface, even when monetary growth and inflation are under control. It is quite possible for the Government to borrow excessively and to overspend its cash limits without necessarily compromising its monetary stance. But the effect on the private sector can be disastrous, since high public borrowing, combined with tight monetary constraints and a floating exchange rate, produces crippling interest rates and an overvalued currency.

It is from the after-effects of this kind of inconsistency between tight monetary and lax fiscal policy during the past two years that British industry is suffering today. This does not necessarily mean, however, that cuts in overall public spending and borrowing are now required. For the policy errors of the past have now created the conditions for a deeper recession than the Government had anticipated earlier this year, when its public spending plans were made. This will inevitably cause certain categories of public spending, most notably social security, to rise. If, as now seems likely, the recession proves so deep that the monetary targets will become a fairly lax constraint, the natural element in the growth in government spending will have a helpful counter-effect.

The real danger which Ministers must watch lies in other spending programmes, which are unaffected by the economic situation and which will not decline automatically once the economy starts to recover and the threat of "crowding-out" begins to loom large again. The depth of the recession is no excuse for allowing the Ministry of Defence, the local authorities or the Civil Service to overspend.

Of course successful control of public spending is a considerable task, a matter of exercising restraint over public sector pay. And it is fortunate on the pay front that some of the best news in recent weeks has come. There are strong indications that pay expectations for the next wage round are declining rapidly. Talk about pay settlements below 10 per cent seems to be quite widespread among manufacturing workers in the Midlands. The Government decided to set an example with its decision to slash pay increases recommended by the Boyce Commission for top public servants and MPs.

So there are now good grounds for hope that pay settlements will be well below last year's levels and the rate of price inflation. And it will be pay that determines the course of the unemployment rate—the economic indicator which now matters most politically, economically and in human terms.

# Japan's unstoppable motor industry

By KENNETH GOODING, Motor Industry Correspondent

JAPAN firmly established itself as the leading vehicle-producing nation in the first half of this year, overtaking the U.S. for the first time with an output of 5.5m against 4.3m in the States.

Hardly a day goes by without more news from the U.S. or Europe about further lay-offs, plant closures or redundancies in the motor industry. But the apparently unstoppable Japanese motor industry machine has so far been unaffected by the recession.

While the West's major manufacturers have been struggling, Toyota, Japan's highest group, actually increased output by 20 per cent in the first five months of 1980.

The Japanese mainly manufacture the kind of cars that are in demand in the industrialised countries since oil prices began to rise steeply. They are relatively small and are perceived to be fuel-efficient. Add to that a reputation for reliability and a low price and you can understand why the customers are snapping them up.

But, in the words of one senior executive in the U.S. industry, Japanese imports are "close to reaching an intolerable level." There is a good chance that Japanese car registrations could reach 2m in the U.S. this year out of a total market around 9.5m.

In Europe, too, the domestic manufacturers have been showing increasing concern about the Japanese ability to hold on to volume sales and increase market share as the recession bites deeper.

This was to be expected in "soft" markets like the UK, where the penetration now is 10-11 per cent. But last year the Japanese turned in concert to attack the "German" market seriously for the first time. The result was, to say the least, disconcerting.

By the end of April this year the Japanese had pushed their share of the West German car market, Europe's biggest, up to 8.5 per cent compared with 4.4 per cent at the same time last year.

Only a few months ago the German industry was certain that Japanese imports could not rise above 8 per cent. At that level, instead of just hitting other importers in Germany—like Fiat and Renault—they would begin to take the market share away from the German manufacturers.

## JAPAN'S CAR SALES IN EUROPE

Figures for first four months of the year, in percentages

	1979	1980
Austria	8.5	17
Belgium	14.9	20.4
Denmark	12.5	28.8
France	1.6	2.4
Finland	21.9	33.4
Germany	4.4	8.5
Ireland	25.4	26.8
Netherlands	17.7	23.4
Norway	19.7	35.3
Switzerland	13.3	20.1
UK	9.2	9.9
Western Europe	6.3	9.0

Whereas European manufacturers are conscious of the risks of excess capacity, this is clearly not the case with the Japanese manufacturers.

But the inconvertible has now come to pass.

Those are some of the immediate problems. And they have created a political climate which enables the Western manufacturers to lackle the Japanese on some longer-term issues.

In particular, the European forecasters have been re-doing their sums and looking at the over-capacity in car-making throughout the world.

For example, Eurofinance, the Paris-based consultancy organisation owned by several European banks, suggested, in the early part of this year, that there could be 500,000 "export" cars looking in vain for markets by 1985. But now Eurofinance believes that figure could be up to 1m.

The over-capacity figure mainly depends on whether the U.S. producers can push back the Japanese in North America to a "reasonable" 15 per cent market share against this year's 20 per cent and above.

If the Japanese drop to that level they will have to find a

## Unlike Western manufacturers, the Japanese put in extra capacity and then look round for new markets

home for the cars elsewhere in the world. (The Europeans fear it will be Europe.) If the U.S. producers fail to rebuild market share their cars simply won't be built. There will be further closures in Detroit.

For that is one major difference between the Japanese and the Western manufacturers. The Japanese tend to put in extra capacity and then look around for new markets to keep it filled.

And what frightens the rest of the world is that the Japanese continue to put in more and more capacity. Judging by the projects already announced, Japanese car-making capacity, which was 9m in 1978, will reach 11m by 1982—a 20 per cent jump in four years. This compares with forecasts that the Japanese home market will be fairly flat while total world sales might increase by 2 to 3 per cent a year to 1985.

Looking further ahead, Eurofinance estimates that by 1985 Japanese car exports will have advanced from 3m this year to 4m.

Between them, Toyota and Nissan, the Datsun group, the No. 1 and No. 2 car-makers in Japan, will spend \$1.5bn to increase capacity by 500,000 in 1980 alone. There is also pressure from the smaller Japanese companies to increase capacity. With a total of nine manufacturers, Japan has the least concentrated and most competitive motor industry in the world.

No wonder M. Francois Perrin-Pelletier, the chairman and chief executive of Talhot Europe, has said in despair:

10.4 per cent of Japan's visible exports — or nearly \$20bn out of the total \$193bn.

The "transportation machinery and equipment manufacturers" were easily the top industrial group in Japan in 1978 with an output worth 10 per cent of the country's food manufacturing's \$92.25bn.

The more vocal critics of the Japanese concentrate on the lack of reciprocity in automotive trade between Japan and the rest. These criticisms are justified in the case of the motor business. Against the 3.1m cars, 1.42m trucks and 39,000 buses Japan exported last year, it imported a mere 60,161 vehicles.

But the question is: Would opening up the Japanese market to a reasonable share of motor trade imports do anything to alter the fundamental problem?

Even if the Europeans and Americans took 20 per cent of the Japanese vehicle market it would still leave the Japanese looking elsewhere to sell the cars and trucks "released" for exports. It would give them even more incentive to attack the "third markets" or "neutral territories" in which the major car companies will slug it out during the 1980s.

As things stand, the Japanese will win hands down. Because of the high productivity their plants they can keep prices relatively low and still make profits. Indeed, the Japanese have got so far ahead in the productivity stakes that some of the Western companies privately admit they will never catch up. To under-

stand why this is so you have to know something about the Japanese employees.

The point is that it is not just automation which makes the Japanese so much more productive. It is that peculiar Japanese approach to life which is the ingredient the Western manufacturers will surely never be able to match.

The Western producers have also convinced themselves that the "social" costs they have to endure are heavier than those in Japan. The large Japanese companies, including the motor groups, certainly provide heavily-subsidised housing, holidays, health and recreational facilities for their employees.

However, they buy in many more components from outside suppliers than the major Western motor groups. The smaller Japanese component companies, the less likely it is to provide extra benefits for its employees.

The European viewpoint was expressed by M. Bernard Hannon, the head of Renault's car business.

"The U.S., Canada and Common Market countries all have roughly the same system of values—the same objectives of lowering the working week, of giving social protection, earlier retirement, to limit the number of working hours in a year to 1,900 or 1,200 or 920 hours."

"In Japan it is a totally different story and I am very sceptical of asking the European or U.S. worker to go back to 2,100 hours a year production, no retirement, no social security, nothing."

Are we going to export this system of values, or are the Japanese going to follow us? I feel there should be no regression in this field under any circumstances.

Thus, the long-term hope of the Western competition is that gradually the Japanese industry will begin to shoulder more of those "social costs" in Japan and some even believe that the Japanese will have to cope with Western-style labour relations problems.

They certainly will have to deal with them when they begin setting up assembly plants on the Japanese side as they must do before long — if only to deflect political and union pressure.

Already Nissan is preparing to move into Spain via the purchase of a 36 per cent shareholding in Motor Iberica and Honda is to set up a car facility next to its motor cycle plant in the U.S.

Toyota has been playing a waiting game but one day soon it will make its move. It is known to have been looking at prospects in Spain and the suggestion this week that it has had preliminary talks with Ford about a joint small-car plant in the U.S. has given an indication about the way it might approach that market.

Whether these tentative moves by the Japanese will be enough to halt the rising tide of protectionism remains to be seen.

The Germans, previously resolutely against any sort of protectionism, are now waver-



Honda Cars on a storage lot at Aurora, Illinois.

ing, and there are signs that a Common Market protest movement may get under way.

Herr Wilhelm Haferkamp, the EEC External Affairs Commissioner, last week gave a warning to the Japanese that a further big increase in car exports to Europe would "strain relations." He will bring up the subject again in Tokyo this week.

Herr Haferkamp made his representations on the same day that the Committee of Common Market Automobile Constructors, which brings together the companies operating within the EEC, called formally for an investigation into increasing Japanese imports.

The committee expressed its "serious doubts whether the present market situation corresponds to the concept of reciprocity of trading opportunities which is embodied in the General Agreement on Tariffs and Trade."

This concept was expressed in more emotional terms by Mr. Doug Fraser, president of the United Auto Workers in the U.S., when he said: "I'm getting sick and tired of our trade relationships with Japan where we give and give and they take and take and take with no reciprocity."

Mr. Fraser's union has been unable so far to drum up enough political support for outright import controls and has instead resorted to the U.S. International Trade Commission, a quasi-autonomous panel which rules on trade disputes. On the face of it, the UAW has a fight on its hands because to

prove its case it must show that imports have been a substantial cause of serious injury in the domestic industry, part of his "package" for the industry this week. President Carter asked for an accelerated ruling on this suit.

The Japanese manufacturers will turn out to defend themselves with some fervour. It is their fault that the American car buyers suddenly changed their buying habits and now demand smaller, less-luxurious vehicles? Is it their fault that the U.S. manufacturers were in no position to satisfy that new demand?

Where the Japanese responsibility for the high interest rates which plunged the U.S. into such a severe recession? And did they implement the stringent legislation on the economy, safety and pollution controls which has forced U.S. manufacturers to change nearly every car in their ranges, and the plants which make them? Are they to blame that this costly exercise has left the U.S. companies so short of cash that they had no alternative but to take savage action when the recession began to grip?

The Japanese are on less sound ground when arguing about reciprocal trading. And they are bound to make some more gestures to appease the Europeans. But there remains the very real prospect that the Western Government or another will bow to the pressure and put a ban on more Japanese car imports. And that would have repercussions far outside the motor industry.

## Letters to the Editor

### Unemployment

From the Chairman, National Association of Pension Funds

Sir—I am shocked that Eric Short can write (June 30) that "there is much to commend the principle" of cutting the unemployment benefit of claimants who are entitled to a company pension above a certain level, even if they are not actually in receipt of it.

He makes the common mistake of taking as his example the bank manager who retires at age 60 and may not genuinely be seeking other work. I write him to consider instead the case of a foreman or works manager, expecting to retire at 65, who finds himself made redundant at age 60. He may be entitled to a "substantial" occupational pension at 65 and even the much reduced equivalent pension payable on early retirement—if he is forced to take or, under the new legislation, is deemed to take it—may be enough to deprive him of the unemployment benefit which is rightfully his by virtue of the contributions he has paid during his working lifetime. As Mr. Short points out, the level at which the six falls is well below national average earnings.

This association will support any move to save public money by tightening up the administration of the social security system, eliminating shushes and withdrawing unemployment benefit from claimants who have no genuine desire to work. The question at issue here, however, is whether a Government is entitled to repudiate a long-term insurance contract into which it has entered with its citizens.

The complete volte face executed by Patrick Jenkin is based on expediency, not on principle. I find it disturbing that a Government should expect a commensurate respect and experienced Eric Short should seek to justify in principle an action which, if the national insurance

fund were operated by a private insurance company, would almost certainly land its directors in court, hope that he will reconsider his support for the proposal.

Michael Pilch, The National Association of Pension Funds, Prudential House, Wellesley Road, Croydon.

### C. P. Snow

From Mr. R. Toit.

Sir—May an FT reader express a sense of loss at the death of C. P. Snow. He was the ideal book reviewer for your pages—a man with real knowledge of the scientific, big business, political and Whitehall worlds. It was impossible not to respect and admire a man who could acquire good Russian in middle age and face the most delicate of eye operations courageously. We shall remember the 10 years he spent with you as providing a weekly cultural treat. It was splendid that his last review was of a book about Balfour in which Snow's wisdom and niceness came across perfectly.

R. Toit, Four Winds, Pebble Hill Road, Betchworth, Surrey.

### Names

From the Publicity Officer, Law Stationers Association

Sir—I have much sympathy for Mr. Pond, of Paperchase (July 5), the victim of a successful business name. Registration under the Business Names Act has never conferred any monopoly rights to a trading name but at least one has the opportunity of knowing who else is using the same name and where. Lamentably, the situation is shortly going to get much worse since the Government has decided to scrap the 64-year-old central register of business names for the sake of a small annual cash saving.

The business names registry performs a unique and important function in the business community. Mr. Pond's letter highlights the need for its retention and possible reform. Far from scrapping this valuable

facility, should we not be examining ways in which its usefulness might be improved still further?

Alec Just, Law Stationers Association, 15, Pembroke Road, Bristol.

### Accounting

From Mr. R. Morgan.

Sir—I was sorry to see contributors of the standing of Dr. Berry and others from the Manchester Business School (July 1) reinforcing the persistent fallacy that current cost accounting assumes that companies "replace their capital equipment as it is worn out."

In fact the words "replace" and "replacement" in respect of fixed assets are not used in the current cost accounting standard. The standard is careful to say that current cost appreciation measures "the value of the business of that part of the fixed assets consumed in earning the revenue of the period," and clearly this consumption in value will occur, no matter how old the assets and no matter if they are fully written down or not, providing that allowance is made for the effect of price changes. CCA thus makes no assumptions on fixed asset replacement, but only seeks to measure whether profit has been made after allowing for proper depreciation. Indeed in many businesses the revenue which is earned from the assets is not sufficient to justify their replacement.

The confusion on this topic has crept in from the definition of terms attached to the accounting standard, which suggests that value to the business, on one definition, is net current replacement cost. The guidance notes to the statement make it clear that current replacement cost is no more than a measure of comparison for establishing the value of an asset to the business. This concept is simply illustrated in cases in which there is a second-hand market for the assets in question so that current replacement cost can be checked by outside comparisons. Nevertheless, it is a pity that the word "replacement" has

been used in the definitions, and it would have been less confusing, as was suggested, if some different word, such as "equivalent," had been used for the purpose of measuring consumption of value.

One major reason why CCA depreciation seems unattractive to many managers is that historic depreciation periods are usually much too short, probably by design as a protection against inflation, rather than a realistic measure of fixed asset working lives. If, however, an asset is in use it must suffer some depreciation, though this may be very low if the asset is old. Straight line depreciation is obviously unsatisfactory in such cases, since older assets lose less in value towards the end of their lives. CCA therefore makes sense in that it forces lives need to be reconsidered in many cases, and also highlights the need to reconsider the method of charge. The use of reducing balance depreciation can be useful in this context, since a much fairer burden of depreciation is thus charged to those periods which benefit proportionately from the use of assets.

R. F. Morgan, Managing Director, Ransome Hoffman Pollard, Stratton House, 1 Stratton Street, W1.

### Forestry

From the President, Institute of Foresters of Great Britain.

Sir—May I offer the thought that one field of domestic primary production which could profitably absorb surplus investment funds is forestry? It has been indicated that programmes of afforesting 2m hectares over the next 50 years would enable the UK to move from its present exposed position of relying upon imported timber for over 90 per cent of its needs to becoming 26 per cent self-sufficient.

Considering the size of our present annual import bill—approaching £2bn and the forecasts of future world shortages of timber, investment in this field

of primary production would bring permanent, constantly renewable benefits, to our economy.

J. W. Dodds, Institute of Foresters of Great Britain, 22, Walker Street, Edinburgh.

### Sissinghurst

From Mr. J. Owen

Sir—May I congratulate Robin Lane Fox for his outstanding article on Sissinghurst in his Gardens Today column of July 9.

Coincidentally, on the evening prior to the article's publication, in the company of some American visitors, I attended a performance of the excellent play *Born in the Gardens*. In this play one of the characters, an attractive English lady who has emigrated to California, makes a particularly effective attack on British tackiness and seediness an impression she claims is demonstrated to all foreign visitors initially and lovelily at the gateway to our shores—Heston Airport.

As a consistent visitor to Sissinghurst over the last decade I completely agree with Robin Lane Fox that improvement rather than decline has taken place and that its style and dedication to horticultural excellence does, in fact, entitle the place to his plaudits of "the best in the world."

Our American visitors, therefore, will be taken to Sissinghurst after first reading the Financial Times article and hopefully the memory of that beautiful place will linger longer than their view of Terminal 3. John L. Owen, Springfield, Hillyard Road, Orford, Kent.

### Transport

From Mr. P. Morris

Sir—I fear Sir Horace Cutler (July 8) has his facts wrong. Although car congestion accounts for 1 per cent of lost bus miles against a budget that already assumes "normal" congestion, the effect of a ban on

cars would of course be vastly greater than 1 per cent. Current bus speeds in central London are about 4 mph, and a total ban on cars would increase this to at least 10 mph. This would mean 150 per cent more bus miles available with the same number of drivers and buses.

People drive into central London because it is the cheapest way of getting to work. It is cheaper because 60 per cent of car drivers use company cars and/or petrol, and because the subsidy given to public transport does not reflect the true resource savings offered by mass transit.

A cordon restraint system with a £2 one-way charge would be simple and remarkably unobtrusive.

Peter Morris, 80a Mount Ararat Road, Richmond, Surrey.

### Values

From the Deputy Director, National Institute of Economic and Social Research

Sir—I note that the journalists working for the Financial Times have been offered increases of 22-24 per cent. I am sure that this will give them even greater incentive to write even better editorials which tell employers to resist high wage demands, and which press for a 10-12 per cent limit in the public sector.

I note also that Sir Keith Joseph suggests that we might help to keep the rise in money earnings down by offering to work for less money than those at present employed. I am happy to do this, and will be pleased to take the place of any of your senior economic correspondents for four-fifths of their present salary. What is more, I can promise that my copy will be excitingly different from anything that has been seen in the Financial Times for a long time.

F. T. Blackaby, National Institute of Economic and Social Research, 2, Dean Trench Street, Smith Square, SW1.

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# Ray of hope for an overcrowded planet

BY IAN DAVIDSON

YOU had to name the single biggest problem facing the world, I suppose there is a fair chance that you might pick on the so-called "population explosion". That problem has not been solved far from it, but there is increasing evidence to suggest that in a large number of developing countries the decline in the birth rate is a fairly widespread phenomenon. First indications of this trend were picked up a number of years ago. But the fullest and most comprehensive evidence has been presented this week in London at a conference held by the organisers of the World Fertility Survey, which has been described by its project director, Sir Maurice Kendall, as the largest social science project ever undertaken.

## Africa's population seems to be growing at the fastest rate

Forty-one developing countries and 19 developed countries are participating in the survey, in the course of which about a third of a million women are being or have been interviewed about the numbers of children they have and the numbers they want to have, about their education, their work, and their knowledge and use of contraception. About half the countries have published their results, while some others are close to doing so, and since great efforts have been made to ensure that the same questions are asked in every country, it has been possible to arrive at a high degree of comparability in assessing the answers.

Naturally, the fact that the answers are comparable does not mean that the answers are the same; as you would expect,

the patterns of child-bearing vary widely between countries, and even between regions of the same country. But on balance, the evidence unequivocally confirms the decline in the birth rate in most of the reporting countries.

In some cases the decline has been startlingly rapid. In Costa Rica, the birth rate has fallen by about 30 per cent in a little more than a decade. In Colombia by 35 per cent, in Indonesia by 30 per cent, in Jamaica by 25 per cent, and in South Korea by 40 per cent. Unfortunately, even where the birth rate is falling, the rate is rising well above what would be required for stability. Even among more sophisticated people, in such countries as the Philippines and Korea, the average woman has between three and four children, whereas the replacement level would be somewhere between 2.2 and 2.5 children.

However, at the other end of the scale there are a number of countries where there has been little or no decline in the birth rate. Bangladesh seems a case in point, while Pakistan has seen a drop of only 10 per cent over a 10-year period; since the average family has over six children in both countries, their combined population of 177m could reach 300m by the end of the century.

In Kenya, the national authorities were stunned to discover not merely that the birth rate had not declined, but that it had actually increased; the average Kenyan mother has eight children, giving that country one of the highest rates of fertility in the world. Though Kenya is the only African state to have published its findings so far, this would seem to confirm previous estimates that the African continent has the highest rate of population increase in the world.

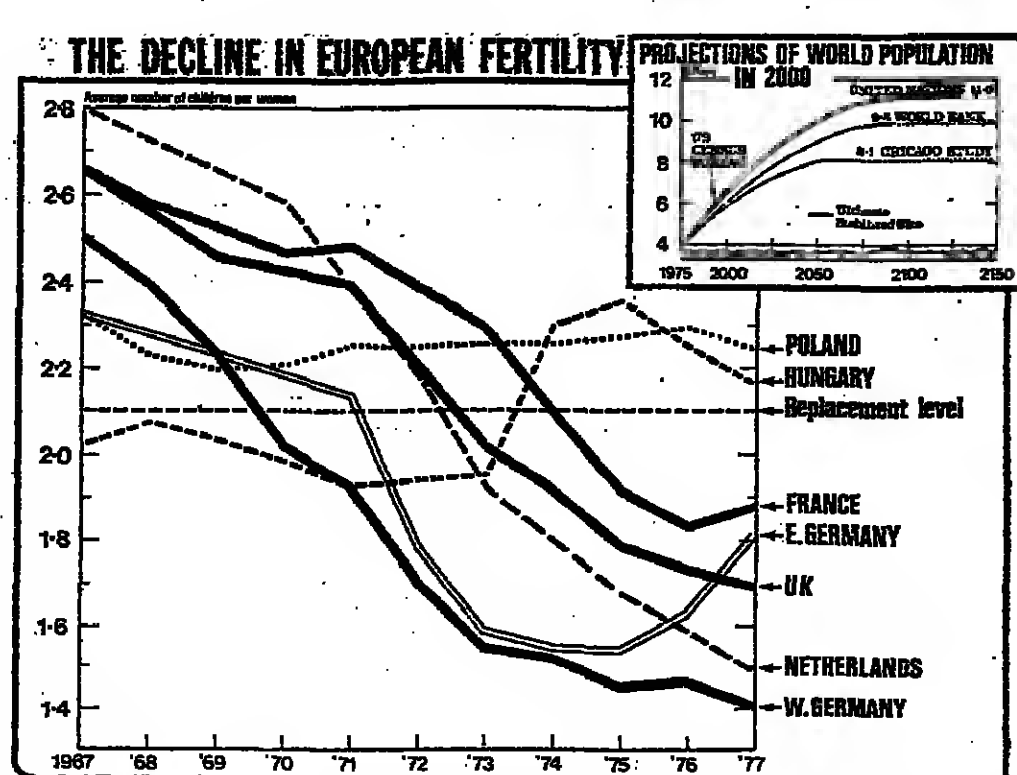
According to the Population

Reference Bureau of Washington, Africa as a whole has a natural rate of population increase of some 2.9 per cent a year, which would take it from 472m this year to 832m by the end of the century and over 2bn before it stabilises some time in the middle of the 21st century.

Of course, these long-term extrapolations are highly speculative, and hence unreliable. We have a fairly good idea of what the numbers may be 10 or 20 years from now, because most of the people who will then be having children have already been born. Most estimates suggest that the world's population at the end of the century will be about 6bn, compared with 4bn in 1975 and about 4.4bn now, not thereafter the picture becomes very hazy.

The central projection of the United Nations is that the numbers will not level off until early in the 22nd century at about 11bn. The World Bank thinks that moment could arrive late in the 21st century at under 10bn. But a Chicago University study suggests that world population could peak as early as the middle of the next century, at just over 8bn. Any one of these projections would amply justify the term "population explosion," but the wide variation between them underscores the fact that we know rather little about the effectiveness of contraception campaigns, for instance (though the World Fertility Survey will help), and rather less about why fertility patterns change, let alone how they can be influenced.

Perhaps the most encouraging single finding to have emerged from the survey is that women in many developing countries want fewer children—fewer than their parents had, fewer than they themselves are in fact likely to have, and in a significant number of cases fewer than they themselves already



have. According to two different analyses, up to 30 per cent of the women surveyed had not wanted their last child. In other words, there appears to be a substantial unmet demand—at least on the part of mothers—for more effective family planning. Yet about half of those women who say they want no more children are not using any form of contraception. Just why this is so is one of the major questions; availability is often so important factor, but it may also be that society—or husbands—expect more children than many women would like to produce.

But it does seem clear that the problem is not, in general, one of sheer ignorance. In widely different countries a high proportion of women had heard of different kinds of contraception, and surprisingly the most modern methods were the best known. Nearly 64 per cent of the women in Bangladesh had heard of the pill, but only 5 per cent had ever used it, and even fewer had used any of the old-fashioned methods, such as rhythm, withdrawal and abstinence. Strikingly, there has been a sharp increase in voluntary sterilisation (almost always of the woman) as a contraceptive measure. In seven countries, over 15 per cent of women in their late 30s had been sterilised; among these the proportion rose to 32 per cent in Panama, 28 per cent in Fiji and 25 per cent in the Dominican Republic, and even among women in their early 30s in

these countries the proportion was over 20 per cent. The Dominican Republic's Government was so surprised to discover from the survey that nearly 40 per cent of women using contraception had chosen sterilisation, that it set up a special programme to make it more widely available, especially in rural areas; in Panama a mother in hospital is routinely offered sterilisation after delivery if she says she is having her last child.

As one might expect, women who have better education, live in towns, and have jobs tend to have fewer children than others, but quite large numbers of rural, uneducated women are also using contraception. In 13 countries, 40 per cent of rural women in their late 30s

had used contraception, and over a third of uneducated women had done so. In other words, education and urban living are not necessary to reduce fertility. Having a job outside the home is a much more important factor in reducing numbers of children, but this is hardly relevant as a family planning policy option for governments in most developing countries.

Unfortunately, the process of "modernisation" does not always lead to lower fertility. The survey shows not merely that breastfeeding is itself a partial form of contraception—an extra five months of breastfeeding adds two months to the interval between children—but that prolonged breastfeeding is associated with uneducated women in rural areas. This may be one reason why in Pakistan fertility is higher in towns than in the countryside, whereas in other countries shorter periods of breastfeeding in towns appears to be compensated by increased use of other forms of contraception.

It is tempting to suppose that population control should be easier in small countries and in those which are further along the development path; Costa Rica has a population of 2.2m and a GNP per capita of \$1,540. Bangladesh has a population of 90m and an average GNP of \$90. But, of course, there are exceptions. Sri Lanka is a puzzle because, although it is small, it has the lowest fertility in South Asia despite low per capita income.

A much more important exception to the small-rich hypothesis is China. Last year Peking announced that it had brought down the rate of population growth from 2.3 per cent in 1971 to 1.2 per cent in 1978, and was aiming at zero growth by the end of the century. Some people doubt that this target is attainable, but should

it be reached it would by itself make an enormous difference to future population projections, since China accounts for nearly a quarter of the present total.

But while we are worrying about the population explosion in the developing world, perhaps we should also spare a thought for the reverse process which has been happening in a large number of developed countries. Since the early 1800s there has been a steep decline in the birth rate in Europe and the United States, to the point where in many of them it now lies below the replacement level.

The survey throws some fascinating sidelights on certain aspects of this downward trend.

## As women become more important, so children become less important

Most women in Europe and America now consider two children the ideal number, though the decline in family size may be slowing in several countries. Contraception is almost universal, though there is very wide diversity in the method; in Britain, Denmark and the U.S. between 20 and 30 per cent of couples have resorted to sterilisation, but old-fashioned methods are still widely used in Belgium, Spain, France and Hungary.

What the survey does not say is why western fertility has been dropping below replacement levels, and why the decline started during a period of rapid economic growth. But it is difficult to avoid the conclusion that, as women become more important, so children have become less important.

## Weekend Brief

### The shortage may be temporary

Unless the air wipes out thousands of British office workers over the next few weeks (or a sudden break in the clouds fuses them away from their desks), the outlook is bleak for that transitory phenomenon, the temp.

Summer is usually the best time for temps as permanent staff abandon their typewriters and head for the beach. But with the recession in full swing demand is at an all time low.

Even in central London where almost anybody could find some sort of job employers are thinking twice before seeking temporary help. Most firms are managing—surprisingly well it seems—to squeeze a little more work out of their existing staff.

Of course there are still plenty of jobs available for well-qualified secretaries with short attributes. The squeeze has mainly been felt by the clerical grades. After all the filing can wait.

But the agencies themselves are also feeling the pinch. Their earnings are earned by putting people in jobs. And if there are no jobs there are no profits. Alfred Marks, one of the biggest agencies with branches throughout the country, says temps are finding the going particularly hard in Coventry and Sheffield for reasons not unconnected with the steel and motor industries.

But even in central London demand is flat. Says Sonia Shea, a Marks executive: "Employers are marking time. They are rushing to hire people and they are more ready to let a temp go. In the past they have held on to her for maybe a day. Now they say go. But the position is changing from hour to hour. I have put my own holiday back for a week and I imagine that others are doing the same. But of course the major problem is the recession."

Charles Lowe of the Brook Street Bureau concedes the agency is not immune from the squeeze but points out that the Southeast is better off than other parts of the country.

But even in the Southeast agencies have been getting irate calls from would-be temps who find themselves virtually unemployed. Many temps are rushing from agency to agency in the hope of landing a job. But there have nevertheless been some angry scenes. The situation has not been helped by the large numbers of school leavers especially young ladies, from secretarial colleges now seeking work.

Nor are the newspapers immune. In London the Evening Standard, the prime medium for advertising office vacancies, reports a dramatic fall in recruitment advertising. The Brook Street Bureau has not advertised with the paper for some months.

## How the secretarial market is suffering from holiday blues... what's brewing at Young's... the march of shop computers... holidays with Lord Grade



Grade and Pycroft: a cautious travel view

although it maintains a presence on Capital Radio. One explanation for the slump in temporary work—invariably rejected by the agencies—is that temps are an expensive form of help. When the agency's fee is taken into account an employer can be asked to pay anything up to twice the amount actually earned by the temp.

In defence the agencies say they find, select and fit the girl to the job. The employer can always get rid of her at a moment's notice if there is no work or if there is what is chemically called a clash of personality.

"You can't do that if you appoint somebody to a fulltime position," said one agency chief. "Not every temp works in an office, of course. These days temps include nurses, factory workers and accountants. As usual there is no lack of demand for accountants."

### Young ways of brewing

One qualification to attend the annual shindig of Young's Brewery is to be the owner of only one share. At Tuesday's AGM in a West End hotel—where the feeding and drinking part of the proceedings had lasted three hours—one shareholder was apparently stopped on his way out carrying six bottles of his hosts' wine in a paper bag.

Young's other main claim to fame has been the endorsement of the quality of its beers by the Campaign for Real Ale and drinkers generally. So much so that it has hardly been able to do more than supply its own pubs; few firms of Young's Special escape to the free trade sector.

Now something has happened that could tarnish Young's shining image with the CAMRA buffs. Some time ago the brewery phased out its Saxon Jager (rated by some rigorous connoisseurs as an emaciated

light ale). In the beginning of June it launched a new lager. The usual marketing consultations took place with the outside professionals, and the following strategy was agreed: "None of your pseudo-Deutsch names for this little gem." So the product is named JYLL, or John Young's London Lager (after the chairman), and the advertising attack harks out the message that this drink is for bulldozers, not dachshunds. Mind you, they have to use Austrian hops to get the right flavour.

Lager, which is a "dead," pasteurised brew, is anathema to CAMRA buffs, who prefer "live" beer (that is, beer which can go mouldy or sour if it is not cared for, and not just flat). But Young's new JYLL has proved an immediate success and the brewery has had to ration its push. Production has been pushed up from 10 to 500 barrels a week, and goodness knows what would have happened if it had not been raining all summer.

One of the problems is that while it takes about 10 days from the start of a brew to get a bitter or a light ale into a pub, it takes six-and-a-half weeks for a lager, which has to be left standing longer in the production process. The brewery, however, has been given the whisper that JYLL has come out third of 40-odd lagers in a yet-to-be-published quality assessment of an independent panel. Not bad for a six-week-old beer!

Young's is busy building a new brewhouse at Wandsworth, which will push up its total capacity from 4,000 barrels a week to 5,000. One shareholder wondered if the resurgence of beer sold from the wood might mean that he could get a pair of half-barrels from a redundant stock, to use for growing plants in the front garden. No such luck. Barrels now cost £50 each (still cheaper than metal kegs, for instance, with a longer working life). So Young's head cooper, Tom Wood, is still kept busy with his jiggers, crumpling knives, flagging irons, chequered and other adzes, and all the old tools of his craft, recycling

irreparable barrels to mend the slightly damaged. Scarcely a brewery makes its own barrels these days, and the colourful initiation ceremonies for apprentices—who were beered, red-oiled, and rolled in the barrel—are a thing of the past. Barrels are bought from outside companies, who go in for other products such as garden furniture. That is what they call progress.

### Checking on the check-outs

If Mike Aldrich is to be believed, the days of the super-market are numbered. He foresees a future when housewives will do the week's shopping from the comfort of an armchair, using a hand-held push-button keypad to order electronically items displayed on their television screen at home.

Aldrich is Managing Director of Redifon Computers, part of the Redifusion group, which this week unveiled a versatile new data-processing and information system. Like the Post Office's Prestel service it is based on videodata technology, which in effect turns a television set into a terminal which can "talk to" a central computer.

The system, called the R1800/30, will sell for about £30,000. That may sound steep, but Redifon claims that it performs as well as an IBM system costing up to 50 per cent more. It is also simple to use—literally a child's play. Redifon says that it tried it out on a ten-year-old and he mastered it in minutes. The company hopes that its simplicity of operation will appeal to many people who have never dealt with a computer before. It expects to sell it initially to small businesses, particularly in the distribution trade, for which it can perform tasks like order booking, stock control, payroll and general accounting.

All these functions can, of course, be carried out by a micro-computer costing only a few thousand pounds. But the R1800/30 is more versatile because it also allows users to communicate at a distance. Redifon thinks that this feature will open up a much bigger market.

According to Aldrich, the system could stimulate the growth of cheap merchant services. A local merchant or businessman with a suitably modified television set in his office could use it to transmit data on his accounts or tax returns to a computer "bureau," where they would be processed and the results sent back to him. For about £300 Redifon will supply a small printer to make a permanent record of the screen display.

It may be a while, though, before reality catches up with Aldrich's vision. The televisions used in the system have to be specially equipped for videodata, and Aldrich reckons that at least 500 of them would have to be installed in a community for his electronic warehouse scheme to be commercially worthwhile. But videodata sets cost twice as much as ordinary colour televisions, and so far less than 5,000 have been installed nationwide.

### Grade's winter flight

The travel industry held its breath at the news that Lord (Lee) Grade was putting his name and Associated Communications cash behind Reg Pycroft and his Jetsave travel operation. Was the Grade talent for show-business going to transfer itself to the travel scene and would a new Freddie Laker thus be appearing on the scene? Now the first post-Grade Jetsave brochure is in the High Streets it is clear that ACC is taking a conservative approach to this new venture. Whatever else the Grade-Pycroft duo is up to it is not a full frontal challenge to Laker.

In its winter brochure Jetsave has turned its backs on both cut price offers and colourful charter airlines. Instead it is pitching its prices right into the middle market and using gold old British Airways as its carrier for 10,000 American holidays this winter. "Other people may come in with cut-prices but what we are not cutting is corners," says Jetsave.

What then is Grade up to with Jetsave? Apparently in the immediate term the hacking of ACC gives the company, until May of this year owned entirely by the Pycroft family, a ring of foreign confidence in signing up long term deals with airlines and hotels. In the longer term ACC is keen to get deeper into hotel ownership, and notably the American hotel ownership. Will it also join the rush into buying aircraft? The very question causes a shudder. "For the moment we are free to pick and choose wherever we get the best prices."

Contributors:  
Keith Sharp  
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## Economic Diary

Ministers meet in Brussels to examine economic situation in Community, and are expected to authorise raising a second loan under the New Community Instrument (the Ortol facility). WEDNESDAY: Cyclical indicators for the UK economy (June). Index of industrial production for Wales (first quarter). Indices of average earnings (May). Indices of basic rates of wages (June). Mr. Denis Healey, Shadow Chancellor, speaks at American Chamber of Commerce lunch, London. Japanese

Industrial strategy seminar, Sheffield. Commons starts two-day debate on Finance Bill, report and third reading.

THURSDAY: London dollar and sterling certificates of deposit (mid-June). UK banks' assets and liabilities and the money stock (mid-June). Mrs. Margaret Thatcher, and Lord Carrington, the Foreign Secretary, separately meet Mr. John Anderson, independent candidate for U.S. presidency. British Airports Authority annual report published.

FRIDAY: Retail prices index (June). Tax and price index (June).

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# Decline in return on capital shown by balance-sheet analysis

TRADING PROFITS of 381 industrial companies reporting between mid-October, 1979, and mid-January, 1980, rose by only 10.4 per cent, according to the latest FT survey on industrial profits.

The previous survey, covering the period between mid-July and mid-October, showed 172 industrial companies reporting profits ahead by 12.2 per cent.

In the analysis of the industrial sector, of the 30 areas covered, 24 showed gains but these were substantially offset by sharp falls in three other areas. Outstanding gains were made in breweries with a rise of 31.4 per cent, food retailing 29.5 per cent, shipping 28.4 per cent, distilleries and wines 28.1 per cent, and motor distributors 22.5 per cent.

On the minus side, the falls were: toys

and games, 21.4 per cent; electronics, radio and TV, 21.3 per cent; and motors and components, 17.5 per cent.

The financial sector showed a rise of 24.3 per cent in trading profits based on nine sectors. Here, the outstanding feature was oil with a jump of 75.1 per cent, followed by banks and hire purchase with gains of 31.9 per cent and 28.8 per cent respectively. The commodities sector was up 18 per cent boosted by tea with a rise of 40.4 per cent and mining with an increase of 39.2 per cent.

Among the best performers of the industrial group, food retailing increased ordinary dividends by 50.7 per cent while the return on net capital employed went up from 21.7 per cent to 23.4 per cent. Distilleries and wines increased dividends by 45.6 per cent and the return

on capital employed increased from 12.5 per cent to 17.1 per cent. Motor distributors lifted dividends by 47.3 per cent with the return on capital falling from 20.2 per cent to 18.4 per cent.

Dividends by electronics, radio and TV companies fell by 37.2 per cent, and the return on capital employed dropped from 18.4 per cent to 10.5 per cent. Toys and games companies raised dividends by 12 per cent while the return on capital employed went down from 24.6 per cent to 14.6 per cent.

Dividends paid by the oil companies advanced by 17.4 per cent, while the return on capital employed jumped from 28.3 per cent to 43.8 per cent. Tea lifted dividends by 70.8 per cent, and the return on capital employed increased from 15.5 per cent to 21.7 per cent.

## TREND OF INDUSTRIAL PROFITS ANALYSIS OF 509 COMPANIES

The Financial Times gives below the table of company profits and balance-sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 509 companies whose account year ended in the period between October 15, 1979, and January 14, 1980, which published their reports up to the end of May, 1980. (Figures in £000).

INDUSTRY	No. of Cos.	Trading Profit	Profit before Tax	Pre-tax Profit	Tax	Earnings for Ordinary Dividends	Ord. dividends	Cash Flow	Net Capital Employed	Net Return on Capital	Net Current Assets
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
BUILDING MATERIALS	86	411,225 (+84,212)	301,205 (+87,358)	341,868 (+87,358)	69,283 (+84,515)	178,945 (+84,515)	59,139 (+84,515)	129,579 (+84,515)	1,708,735 (+84,515)	16.8 (+84,515)	666,081 (+84,515)
CONTRACTING & CONSTRUCTION	26	246,787 (+85,502)	185,138 (+85,502)	187,005 (+85,502)	30,085 (+85,502)	101,015 (+85,502)	96.6 (+85,502)	126,975 (+85,502)	991,715 (+85,502)	12.8 (+85,502)	308,359 (+85,502)
ELECTRICALS (EX. ELECTRON. ETC.)	5	121,444 (+107,048)	82,220 (+107,048)	76,782 (+107,048)	18,003 (+107,048)	48,897 (+107,048)	56.4 (+107,048)	14,798 (+107,048)	58,161 (+107,048)	11.7 (+107,048)	171,865 (+107,048)
ENGINEERING	66	1,109,652 (+1,079,528)	859,704 (+1,079,528)	946,432 (+1,079,528)	180,190 (+1,079,528)	428,978 (+1,079,528)	3.6 (+1,079,528)	506,397 (+1,079,528)	6,024,400 (+1,079,528)	14.3 (+1,079,528)	2,402,472 (+1,079,528)
MACHINE TOOLS	6	18,188 (+16,178)	11,927 (+16,178)	8,427 (+16,178)	3,576 (+16,178)	5,260 (+16,178)	16.0 (+16,178)	9,385 (+16,178)	96,767 (+16,178)	11.8 (+16,178)	67,800 (+16,178)
MISC. CAPITAL GOODS	10	27,328 (+24,966)	20,564 (+24,966)	15,876 (+24,966)	3,888 (+24,966)	11,682 (+24,966)	5.6 (+24,966)	9,385 (+24,966)	125,454 (+24,966)	16.6 (+24,966)	69,174 (+24,966)
TOTAL CAPITAL GOODS	100	1,281,591 (+1,219,238)	1,071,631 (+1,219,238)	1,149,430 (+1,219,238)	218,247 (+1,219,238)	770,761 (+1,219,238)	7.1 (+1,219,238)	895,617 (+1,219,238)	6,076,206 (+1,219,238)	16.5 (+1,219,238)	2,634,292 (+1,219,238)
ELECTRONICS	3	30,286 (+25,761)	13,800 (+25,761)	8,578 (+25,761)	5,222 (+25,761)	8,504 (+25,761)	42.9 (+25,761)	9,866 (+25,761)	130,606 (+25,761)	10.3 (+25,761)	47,123 (+25,761)
RADIO & TV	3	30,286 (+25,761)	13,800 (+25,761)	8,578 (+25,761)	5,222 (+25,761)	8,504 (+25,761)	42.9 (+25,761)	9,866 (+25,761)	130,606 (+25,761)	10.3 (+25,761)	47,123 (+25,761)
HOUSEHOLD GOODS	15	43,206 (+40,266)	29,442 (+40,266)	25,782 (+40,266)	7,866 (+40,266)	15,666 (+40,266)	5.8 (+40,266)	8,494 (+40,266)	248,869 (+40,266)	11.8 (+40,266)	121,573 (+40,266)
MOTORS & COMPONENTS	5	163,171 (+156,136)	108,904 (+156,136)	97,410 (+156,136)	30,988 (+156,136)	17,123 (+156,136)	40.0 (+156,136)	67,475 (+156,136)	1,019,377 (+156,136)	10.9 (+156,136)	386,755 (+156,136)
MOTOR DISTRIBUTORS	14	106,786 (+97,319)	74,204 (+97,319)	61,454 (+97,319)	8,199 (+97,319)	48,899 (+97,319)	9.5 (+97,319)	11,709 (+97,319)	406,067 (+97,319)	16.4 (+97,319)	111,597 (+97,319)
TOTAL CONSUMER DURABLES	38	382,759 (+364,531)	256,678 (+364,531)	234,534 (+364,531)	49,040 (+364,531)	21,890 (+364,531)	14.2 (+364,531)	35,228 (+364,531)	1,807,872 (+364,531)	12.3 (+364,531)	697,099 (+364,531)
BREWERIES	1	4,670 (+5,555)	4,145 (+5,555)	4,006 (+5,555)	1,325 (+5,555)	2,261 (+5,555)	6.9 (+5,555)	942 (+5,555)	99,211 (+5,555)	11.1 (+5,555)	496 (+5,555)
DISTILLERIES & WINES	2	5,657 (+5,756)	7,617 (+5,756)	6,477 (+5,756)	533 (+5,756)	4,944 (+5,756)	22.7 (+5,756)	1,564 (+5,756)	44,585 (+5,756)	17.1 (+5,756)	17,693 (+5,756)
HOTELS & CATERING	5	114,462 (+109,042)	84,398 (+109,042)	73,028 (+109,042)	27,614 (+109,042)	56,414 (+109,042)	23.7 (+109,042)	17,780 (+109,042)	44,864 (+109,042)	14.5 (+109,042)	18,168 (+109,042)
LEISURE	9	118,874 (+100,884)	101,322 (+100,884)	85,616 (+100,884)	34,440 (+100,884)	50,842 (+100,884)	22.3 (+100,884)	16,505 (+100,884)	50,825 (+100,884)	23.3 (+100,884)	12,176 (+100,884)
FOOD MANUFACTURING	12	588,889 (+78,098)	559,769 (+78,098)	466,594 (+78,098)	180,380 (+78,098)	314,406 (+78,098)	14.6 (+78,098)	78,275 (+78,098)	396,006 (+78,098)	18.7 (+78,098)	1,185,866 (+78,098)
FOOD RETAILING	4	15,492 (+10,489)	10,507 (+10,489)	9,983 (+10,489)	2,188 (+10,489)	8,434 (+10,489)	61.2 (+10,489)	3,599 (+10,489)	9,830 (+10,489)	41.6 (+10,489)	12,582 (+10,489)
NEWSPAPERS AND PUBLISHERS	19	106,822 (+106,874)	85,012 (+106,874)	71,857 (+106,874)	13,155 (+106,874)	51,802 (+106,874)	16.0 (+106,874)	10,897 (+106,874)	45,207 (+106,874)	20.6 (+106,874)	165,884 (+106,874)
PACKAGING AND PAPER	9	114,361 (+100,114)	74,821 (+100,114)	65,130 (+100,114)	15,669 (+100,114)	59,307 (+100,114)	26.1 (+100,114)	12,708 (+100,114)	88,174 (+100,114)	11.2 (+100,114)	19,043 (+100,114)
STORES	5	89,088 (+88,949)	61,896 (+88,949)	50,725 (+88,949)	15,584 (+88,949)	46,557 (+88,949)	14.8 (+88,949)	21,182 (+88,949)	39,538 (+88,949)	11.7 (+88,949)	61,115 (+88,949)
CLOTHING AND FOOTWEAR	24	81,597 (+69,899)	64,785 (+69,899)	55,955 (+69,899)	13,367 (+69,899)	45,897 (+69,899)	26.1 (+69,899)	10,087 (+69,899)	46,611 (+69,899)	22.8 (+69,899)	157,163 (+69,899)
TEXTILES	13	47,618 (+30,640)	33,694 (+30,640)	19,030 (+30,640)	4,494 (+30,640)	13,538 (+30,640)	35.8 (+30,640)	4,385 (+30,640)	62,822 (+30,640)	11.4 (+30,640)	125,261 (+30,640)
TOBACCO	3	879,058 (+791,638)	505,565 (+791,638)	484,672 (+791,638)	187,220 (+791,638)	372,174 (+791,638)	5.0 (+791,638)	112,770 (+791,638)	396,230 (+791,638)	14.7 (+791,638)	942,644 (+791,638)
TOYS AND GAMES	5	5,228 (+5,655)	5,324 (+5,655)	4,756 (+5,655)	1,115 (+5,655)	6,136 (+5,655)	37.2 (+5,655)	636 (+5,655)	9,799 (+5,655)	14.6 (+5,655)	9,216 (+5,655)
TOTAL CONSUMER NON-DURABLES	109	2,277,681 (+2,106,846)	1,625,758 (+2,106,846)	1,525,115 (+2,106,846)	509,260 (+2,106,846)	875,921 (+2,106,846)	6.8 (+2,106,846)	897,736 (+2,106,846)	1,074,767 (+2,106,846)	11.2 (+2,106,846)	2,614,437 (+2,106,846)
CHEMICALS	20	1,447,875 (+1,314,998)	997,332 (+1,314,998)	852,464 (+1,314,998)	140,539 (+1,314,998)	659,514 (+1,314,998)	20.6 (+1,314,998)	182,400 (+1,314,998)	307,822 (+1,314,998)	15.5 (+1,314,998)	1,334,044 (+1,314,998)
OFFICE EQUIPMENT	6	236,639 (+217,451)	177,790 (+217,451)	166,282 (+217,451)	60,507 (+217,451)	106,895 (+217,451)	10.3 (+217,451)	26,920 (+217,451)	95,217 (+217,451)	21.9 (+217,451)	624,595 (+217,451)
SHIPPING	10	265,813 (+206,494)	174,433 (+206,494)	164,803 (+206,494)	30,720 (+206,494)	143,895 (+206,494)	12.9 (+206,494)	64,295 (+206,494)	1,697,720 (+206,494)	10.3 (+206,494)	70,686 (+206,494)
MISC. INDUSTRIAL	46	785,794 (+697,612)	492,504 (+697,612)	442,064 (+697,612)	178,169 (+697,612)	330,725 (+697,612)	35.1 (+697,612)	92,210 (+697,612)	395,500 (+697,612)	18.3 (+697,612)	894,644 (+697,612)
TOTAL INDUSTRIALS	381	17,823,216 (+16,993,908)	11,815,631 (+16,993,908)	11,222,887 (+16,993,908)	3,985,431 (+16,993,908)	11,446,578 (+16,993,908)	16.0 (+16,993,908)	1,811,838 (+16,993,908)	17,823,216 (+16,993,908)	16.5 (+16,993,908)	10,159,889 (+16,993,908)
OIL	10	6,923,794 (+5,137,401)	7,013,968 (+5,137,401)	5,417,628 (+5,137,401)	3,086,445 (+5,137,401)	8,022,910 (+5,137,401)	17.4 (+5,137,401)	5,702,883 (+5,137,401)	17,405,287 (+5,137,401)	43.8 (+5,137,401)	5,332,893 (+5,137,401)
RUBBER	7	6,394,872 (+5,137,401)	3,134,817 (+5,137,401)	2,788,738 (+5,137,401)	800,486 (+5,137,401)	1,146,578 (+5,137,401)	20.6 (+5,137,401)	186,600 (+5,137,401)	1,156,975 (+5,137,401)	15.9 (+5,137,401)	9,660,219 (+5,137,401)
DISCOUNT HOUSES	4	20,920 (+17,277)	18,222 (+17,277)	18,222 (+17,277)	0 (+17,277)	18,222 (+17,277)	0 (+17,277)	9,497 (+17,277)	2,305,890 (+17,277)	12.3 (+17,277)	464,486 (+17,277)
RENT PURCHASE	3	75,264 (+59,977)	75,264 (+59,977)	24,126 (+59,977)	9,085 (+59,977)	91,944 (+59,977)	15.9 (+59,977)	665 (+59,977)	24,498 (+59,977)	12.3 (+59,977)	69,708 (+59,977)
INSURANCE	7	419,228 (+37,023)	381,220 (+37,023)	381,220 (+37,023)	0 (+37,023)	381,220 (+37,023)	0 (+37,023)	122,888 (+37,023)	12,824,741 (+37,023)	12.3 (+37,023)	78,922 (+37,023)
INSURANCE BROKERS	6	174,766 (+167,000)	140,489 (+167,000)	96,006 (+167,000)	44,254 (+167,000)	96,006 (+167,000)	3.2 (+167,000)	55,995 (+167,000)	718,005 (+167,000)	10.7 (+167,000)	66,862 (+167,000)
INVESTMENT TRUSTS	64	139,138 (+107,579)	139,032 (+107,579)	109,123 (+107,579)	39,490 (+107,579)	69,543 (+107,579)	24.1 (+107,579)	33,990 (+107,579)	4,746 (+107,579)	18.6 (+107,579)	66,466 (+107,579)
PROPERTY	14	84,588 (+81,584)	81,584 (+81,584)	72,358 (+81,584)	19,226 (+81,584)	72,358 (+81,584)	24.1 (+81,584)	11,896 (+81,584)	18,941 (+81,584)	15.5 (+81,584)	50,435 (+81,584)
MISC. FINANCIAL	6	68,294 (+68,294)	28,670 (+68,294)	28,670 (+68,294)	0 (+68,294)	28,670 (+68,294)	0 (+68,294)	5,325 (+68,294)	18,871 (+68,294)	15.5 (+68,294)	66,862 (+68,294)
TOTAL FINANCIAL	110	2,349,045 (+2,349,045)	1,649,889 (+2,349,045)	1,649,889 (+2,349,045)	0 (+2,349,045)	1,649,889 (+2,349,045)	0 (+2,349,045)	598,677 (+2,349,045)	1,771,790 (+2,349,045)	12.3 (+2,349,045)	2,312,994 (+2,349,045)
RUBBERS	1	225 (+125)	225 (+125)	225 (+125)	0 (+125)	225 (+125)	0 (+125)	145 (+125)	1,082 (+125)	91.7 (+125)	72 (+125)
TEA	1	4,295 (+3,295)	3,947 (+3,295)	3,947 (+3,295)	0 (+3,295)	3,947 (+3,295)	0 (+3,295)	519 (+3,295)	9,294 (+3,295)	89.9 (+3,295)	7,898 (+3,295)
TIN	1	4,295 (+3,295)	3,947 (+3,295)	3,947 (+3,295)	0 (+3,295)	3,947 (+3,295)	0 (+3,295)	519 (+3,295)	9,294 (+3,295)	89.9 (+3,295)	7,898 (+3,295)
MISCELLANEOUS MINING	3	37,819 (+27,189)	36,252 (+27,189)	27,572 (+27,189)	12,981 (+27,189)	18,861 (+27,189)	16.4 (+27,189)	7,428 (+27,189)	914,530 (+27,189)	17.8 (+27,189)	47,038 (+27,189)
OVERSEAS TRADERS	4	35,735 (+35,735)	35,735 (+35,735)	35,735 (+35,735)	0 (+35,735)	35,735 (+35,735)	0 (+35,735)	5,078 (+35,735)	168,895 (+35,735)	20.7 (+35,735)	75,738 (+35,735)
TOTAL COMMODITIES	9	79,176 (+67,109)	74,397 (+67,109)	68,294 (+67,109)	19,944 (+67,109)	38,250 (+67,109)	14.2 (+67,109)	15,604 (+67,109)	34,835 (+67,109)	19.0 (+67,109)	110,114 (+67,109)

### NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute of Company Accounts, which has been adopted by the Stock Exchange, (Official List). Col. 1 gives trading profits plus investment and other normal income property belonging to the financial year covered. The figure is struck before changing depreciation, loan and other interest, directors' remuneration and other items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as, for example, capital profits, unless the latter arise in the ordinary transaction of business. Col. 2 gives profits before interest and taxation that is to say profits after all charges except loan and other interest, but before deducting taxation provisions and minority interests. In the case of Banks, no figure can be shown because of non-disclosure (see note on page 19). Col. 3 gives Pre-tax Profit that is to say profits after all charges including depreciation and loan interest but before deducting taxation provision and minority interests. Col. 4 groups all companies into tax-paying, tax-exempt, and tax-avoiding. Col. 5 gives the net profits accruing on equity capital after meeting: 1—minority interests; 2—all other charges—being loan payments, etc.; and Preference dividends; and 3—Provisions for staff and employees pension funds where this is a standard annual charge against net profits. Col. 6 sets out the net cost of dividend on equity capital. Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recommended method of computing this figure. Col. 8 computes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdrafts. For members banks and discount houses a more realistic figure is shown in the balance-sheet table. Col. 9 represents the net return on capital employed. It is a percentage of Col. 8 and provides no indication of average profitability. Excluding merchant banks, discount houses, insurance, etc. Col. 10 net current assets are arrived at by the subtraction of current liabilities and provision from current assets.

## SUMMARY WEEK'S COMPANY NEWS

### Take-over bids and deals

The most significant development in the Bids and Deals sector this week was British Petroleum's £410m agreed takeover bid for Selection Trust, the mining finance house. The bid is the UK's biggest-ever in cash terms, though Grand Metropolitan's £580m takeover of Wm. & A. Carter in 1972 still holds the record in real terms. BP is offering 18 of its own shares for every five Selection Trust shares with a cash alternative of £12.75 per share. BP was in support of its bid after three weeks' negotiations with Selection Trust and Charter Consolidated, the largest shareholder in ST with a 26 per cent stake. Assuming the bid goes through, BP will have made significant progress in its efforts to broaden its interests from oil and gas into other energy and natural resources.

Rows and Pitman's June 11 "dawn raid" on Marshall Cavendish, when the stockbroker bought 5.5m shares—27 per cent of the issued capital—at 25p per share on behalf of Times Publishing Berhad, has culminated in an outright 31p per share agreed cash bid from the latter for the outstanding MC shares.

Dares Estates made an agreed £2.59m offer for Stanhope General Investment on terms of 22m cash and/or ordinary shares of 10p for every Stanhope share.

Davson International, the Scottish textiles group, made an agreed £1m offer for the loss-making unquoted textile concern Henry Ballantyne. The terms are 62.23p cash for each ordinary or "A" ordinary share.

In a move aimed at strengthening and







## Equipment purchases put IBM back on growth path

BY STEWART FLEMING IN NEW YORK

Mr. Cary's remarks seem to confirm the expectations of some analysts that while quarter to quarter comparisons will be particularly favourable in the first three quarters of this year, IBM's earnings in the fourth quarter may not show such strong growth in comparison with the final quarter of 1979.

# Calgary Power fights Atco bid

● The Quebec Securities Commission is proposing a new provincial Securities Act to bring existing legislation in line with the new Ontario Securities Act and with changing legislation in other provinces.

The new Quebec Act would hold issuers of securities liable to civil suits, simplify prospectus procedure for those issuing securities regularly, and shorten reporting times for financial statements and insider

## Swiss bond curbs Kubota

The best gains in sales were made in products related to housing construction (up 17 per cent) and iron pipe (up 10.1 per cent). Agricultural equipment sales rose 6 per cent, but slipped a little in their share of total sales, partly because of a slowdown in domestic rice production.

Exports, on the other hand, rose 15.1 per cent—with shipments of tractors steady—and accounting for 11 per cent of all consolidated sales.

## Downturn at MGM Film

been reported as though the company had been operating as a separate corporate entity during all relevant periods.

Results for the nine months include \$30.7m of operating revenue and \$15.6m of net income from the licensing of network television rights to "Come With the Wind," the company said.

**I.G. Index**  
Our clients speculate, free of

1. London Traded commodity  
2. THE SIFERLING/DOLLAR

**I.G. Index Limited, 73, The Cha**

**CORAL INDEX:**

**AMERICAN EXPRESS** has announced that its Fireman's Fund insurance subsidiary has signed a definitive agreement to buy Southern Guaranty Insurance, of Montgomery, Alabama, for \$19m or \$31.66 per share cash.

October Sugar 289.7-291.5  
tax, in very small to very large  
lots, on:-  
ties, including GOLD.  
R exchange rate.  
se, SW4 ONP. Tel.: 01-622 9192

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Close 491.496 (+6)

---



WHEAT			BARLEY		
Month	Yesterday close	+ Or -	Yesterday close	+ Or -	
Sept.	85.90	-0.25	91.45	-0.10	

[illegible]

**KEYS**  
312-312½ (307½), Dec. 320½-321½,  
March 332-332½, May 338-339, July  
341.

Pork. **Bellies**, July 53.02, (41.02), Aug.  
 62.80 (40.00), Feb. 58.85, Match 58.97,  
 May 58.60, July 58.45-56.70, Aug.  
 68.95.  
**Slaves**—July 1828.0 (1804.0), Aug.  
 1830.0 (1800.0), Feb. 1830.0 (1800.0),  
 1900.0-4, Oct. 1890.0, Feb. 1725.0, April  
 1760.0, June —, Aug. 1524.0, Oct. —,  
 Dec. —, Feb. 1920.0, April —, June  
 —.  
**Ysocabean**—July 7465, (7221), Aug.  
 752-750 (725-), Sept. 768-758, Nov.  
 768-758, Dec. 768-758, Jan. 7800—  
 8001, May 811, July 618-616.  
**Ysocabean**—Moal—July 211-202.0  
 (185.5), Aug. 203.5-202.6 (197.2),  
 Oct. 218-205.5, Dec. 208.5-208.2, Dec.  
 213.5-213.0, Jan. 215.5-216.0, March  
 205, May 23.0-222.5, July 228.0, Aug.  
 —.  
**Soyabean**—0111—July 26.22-70.20  
 (25.37), Aug. 26.35-26.30 (25.44), Sept.  
 26.80-26.65, Oct. 28.90-25.85, Oct. 27.15-  
 27.80, Nov. 27.22-27.20, Dec. 27.20-  
 May 27.50, July 27.15-27.70, Aug. 27.70-  
 27.80.  
**Wildness**—July 623-472, (424-), Sept.  
 434-432 (433-), Oct. 452-452, March  
 465-468, May 471-471-471, July 472-  
 472.  
 All cents per pound as warehouse  
 unless otherwise stated. \$ = per Troy  
 ounce. ¢ = cents per Troy ounce.  
 ¢ = cents per 56 lbs. bushel. ¢ =  
 per 60-lb bushel. ¢ = per short ton  
 (2,000 lbs). \$ = per metric ton.  
 ¢ = per 1,000 sq. feet. ¢ = cents per  
 dozen.  
**Chicago Iron** **Good**—July 771, Aug.  
 1894.0, Sept. 676.0-673.5 (777.7), Oct.  
 676.0-673.5 (777.7), Nov. 676.0-674.0,  
 March 715.5-714.0, April 722.0, June  
 735.5.

16-month low at one stage before rallying to end the week £32 down on balance at £1,444.5 a

This followed a \$43.5 rise yesterday which dealers attributed to producer and speculative buying coupled with renewed manufacturing buying interest. It was also suggested that producer plans to meet this weekend to discuss a minimum price scheme might have encouraged the rise.

The decline in coffee prices has decided a special meeting of the International Coffee Council which commissioners as well as producers will attend. The price fell below the trigger level last Thursday so the meeting, which was to be held within 14 days, will be no later than July 24.

Sugar prices also fell sharply this week as investors started to trim their holdings upon news. After a \$29.125 fall yesterday the October position on the London futures market ended the week \$45.25 down at \$282.25 a tonne.

There was no fresh news to explain this decline, which investors saw as a result of the preceding upsurge which they thought had taken prices too high too fast.

Cocoa prices lost further ground as the technical tightness affecting nearby deliveries showed signs of easing. This grounds was thought to have limited the fall which had been encouraged by forecasts of another substantial world production surplus this year, for the third year in succession.

The September cocoa futures price fell £12 yesterday to £110.8.5, equalling the four-year low reached last month. The decline on the week was £17 a

tonne.

	High Grade	\$	%	Low Grade	\$	%
1 month	7160-70	-80	-1.1	7175-85	+5.5	0.8
3 months	7170-80	-80	-1.1	7180-90	+7.1	1.0
Settlement	7170	-40	-0.5			
Cash	7180-70	-80	-1.1	7175-85	+5.5	0.8
1 month	7170-80	-80	-1.1	7180-90	+7.1	1.0
Settled	7170	-40	-0.5			
Strait Settlement	£212.85	-7	-0.3			
New York						

Morning: Standard, cash £7180, 70. The month's £7170, 60, 70, 80, 60, 70. Kerbs: Standard, three months £7170. High grade untraded. Adversely affected. Cash £7170, 60, 70, 80, 60, 70. Month's £7170, 80, 90, 80, 80. Kerbs: Standard, three months £7190. 85.

ZINC—After opening at \$345 three months declined to \$340 following forecasts of a substantial rise in stocks. The market trended upwards to \$345, the \$340 level of this was well absorbed. In the afternoon the price moved up again to close late in the day at \$345 reflecting the firmness of copper. Turnover 7,600 tonnes.

	LEAD	a.m. Official	+ or -	a.m. Unofficial	+ or -
Cash		\$35.5	-	\$33.7-7	± 0.8
3 months		\$42.5	-1.25	\$44.5-	-
5 months		\$42.0	-0.3		
U.S. Spot				"\$4.6	

Morning: Cash £325, 34.5, three months £341, 42.5, five months £342, 42.5, three months £340, 42.5. Kerbs: Three months £345, 44, 44.5, 45, 44, 44.5, Kerbs: Three months £345, 46, 47, 45, 45, 45.

ZINC—Marginally easier. The month's traded with a £4 range throughout the day prior to closing the late kerbs at £211.6. Stocks are expected to show a modest decline over the week. Turnover 4,525 tonnes.

	'ZINC	a.m. Official	+ or -	a.m. Unofficial	+ or -
Cash		209.5	±	89.9-9	±
3 months		\$205.5-10.5	-2	\$209-10.5	-2.5
5 months		209.5	-2.5		
Prime/100				"\$5.2	

Morning: Cash £220, 95, 97.5, 95, three months £215, 102.5, 102.5, 102.5, 102.5, 102.5. Kerbs: Three months £210. Attention: Three months £210. Kerbs: Three months £211, 10, 11.

COPPER—The market changed on balance. Forward metal opened around £730 and edged up £32 to fresh speculative interest. The price rose on trading to close the late run at £730. Turnover 5,325 tonnes.

Sept.....	58,70-58,99	50,10-58,50	58,80
Oct-Dec	61,80-81,10	62,50-82,80	82,10-80
Jan-Mar	64,20-64,50	65,70-85,60	85,70-84
Apr-June	67,00-67,20	68,50-83,60	88,50-86
July-Sept	68,50-68,80	71,10-71,20	70,40-68
Oct-Dec	72,80-72,10	75,80-75,70	72,30-71
Jan-Mar	74,50-74,70	76,90-76,20	74,60-74

Sept-June 71.50 77.50 80.75 10.00 78.50 77.50  
 Cakes: 488 (333) lots of 15 tonnes  
 2 (24) 1000 1000 1000 1000 1000  
 Physical closing prices (buyers) were  
 Sept 57.00p (57.50p); Aug. 61.21p  
 (62.00p), Sept. 61.25p (62.50p).

### SOYABEAN MEAL

The London market opened steady  
 unchanged and remained so  
 through buying by F. G. Roddie.  
 Continuing hot and dry weather  
 growing crops brought fresh  
 demand with prices finishing  
 with gain of £1.50.

	Year today	Close	Business
	£	—	Done
	per tonne		
August	111.70-115 + 1.60	111.55-114	100
October	111.70-115 + 1.20	112.00-114	100
December	115.50-115 + 1.30	116.00-114	100
January	115.50-115 + 1.30	116.00-114	100
March	115.50-115 + 1.40	—	—
May	119.70-122 + 1.65	—	—
June	119.70-122 + 1.65	—	—
August	123.20-124 + 1.65	—	—

Sales: 154 (148) lots of 5 tonnes.

### SUGAR

Dow Jones	July 10	July 9	Month ago	Year ago
Spot ..	408.98	415.59	429.66	408.51
Futures	460.22	455.36	442.77	421.25

(Average 1924-25-26-100)

## REUTERS

July 11	July 10	10 <sup>th</sup> Month	Year ago
1867.8	1876.1	1877.2	1872.5
(Base: September 18, 1931=100)			

non-trade sources, and with lack of sentiment from the trade, prices dropped rapidly to close at new contract lows. Lower prices for corn and soybeans. Closing prices: Nov. 44.30 -130 (high 45.50, low 44.40); Feb. 51.10 -150 (high 51.50, low 51.10); April -58.30 -130 (high 59.50, low 58.10). Turnover: 45 (57) lots of 40 tonnes.

## MEAT/VEGETABLES

**MEAT COMMODITIES**—Average of six stock prices at representative marking on July 11. CB—Cattle 76.26p per kg live (-1.92). UK—Sheep 133.71p per kg live down (-11.45). GB—Pigs 69.76p per kg live (+2.32).

**COVENT GARDEN**—Prices in sterling per package except where otherwise indicated. Imported British. Oncomen-

**LONDON DAILY PRICE** (raw sugar  
£235.00 (£283.00) a tonne cif for July  
Aug. shipment. White sugar ds  
price was £285.00 (£295.00).  
The nearby positions at first lo  
£28.00 against overnight leve


Brazilian: Naveis 3.30-4.00; Jaffa: Valencia Late 2.80-4.00; Moroccan: 54/113's 3.80-4.40; Cyprus: Valencia Late 3.60-4.50; Californian Sunkist: Valencia Late 72/113's 4.50-5.90; Outspan: Naveis 3.50-4.95; Lemon-

Italian: 100/150's 4.80-5.50; Spence: Trevo 25/48's 1.80-2.40, besas 4.80-5.50; South Africa: 6.00-6.50, Grapefruit-Orange 4.00-5.25. New Zealand: Red Oughberty 11.00-12.00; Teamanian: Sturmer Pippins 10.00, Crofton 12.00; South Africa: Golden 11.00-11.50, 11.00-11.50, Granny Smith 11.00-11.50; Ough: 22 to Golden Oolichous 4.00; French: 40 lb boxes.

★

**GRIMSAV FISH**—Supply fair, demand fair. Prices at seller's aide (unprocessed) per stone: Shell cod 24.00-24.80, medium 24.50-25.00, large 25.00-25.50, 24.50-25.50, medium 22.00-23.50, small 22.00-22.50. Large plaice 25.00-25.50, medium 24.80-25.50, best small 23.40-24.50. Starling dogfish (large) 7.50, (medium) 6.30, small 5.50, 58.00, (medium) 55.50, Rockfish 22.30, 22.70. Red 22.00-22.50, 26.00s 22.70, 22.80.









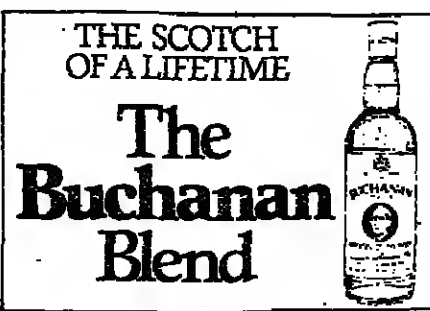






**Continued on previous page**





## BRITISH FUNDS

"Shorts" (Lives up to Five Years)

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## Five to Fifteen Years

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## Over Fifteen Years

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## Undated

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## FINANCIAL TIMES

PUBLISHED IN LONDON &amp; FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY  
 Telex: Editorial 895487. Advertisements: 885033. Telegrams: Finantime, London.  
 Telephone: 01-248 8000.

Frankfurt Office: The Financial Times (Europe) Ltd., Frankfurter 68-72, 6000 Frankfurt-am-Main 1.  
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## FT SHARE INFORMATION SERVICE

## LOANS

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## FOREIGN BONDS &amp; RAILS

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## AMERICANS

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## BEERS, WINES AND SPIRITS

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## BUILDING INDUSTRY, TIMBER AND ROADS

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## CANADIANS

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## BANKS AND HIRE PURCHASE

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## BUILDING INDUSTRY—Contd.

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## CHEMICALS, PLASTICS

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## ELECTRICALS—Continued

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## ENGINEERING MACHINE TOOLS

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## HOTELS AND CATERERS

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## INDUSTRIALS (Miscellaneous)

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00

## FOOD, GROCERIES, ETC.

High	Low	Stock	Price	%	Vol.
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00
100.00	99.50	Exchange 100	100.00	0.50	100.00



## FINANCE LAND—Continued

[illegible][illegible]





## MAN OF THE WEEK

## A liberal v. the dirigistes

BY TERRY DODSWORTH

WHEN M. Albin Chalandon, the chairman of Elf Aquitaine, totted up his accounts for last year, he could have been forgiven for thinking that he had earned the gratitude of his principal shareholder, the French State.

The nationalised oil company had managed to show profits increasing from FF1.450 to FF1.590 (\$1.4bn), and had unlocked a cash flow of FF1.12bn from such timely investments as Frigg gasfield. But instead of plaudits, the only response M. Chalandon has had from the Government so far is a headmasterly lecture from Prime Minister Raymond Barre on how he should be spending his treasure trove.

It is against this background that Elf's FF1.3bn cash bid for Rhone-Poulenc's petrochemicals interests this week must be judged. The offer is a masterly response to the government critics who have been telling M. Chalandon that he has to invest his windfall revenues without, as M. Barre put it, "unnecessarily extending the public sector" in France.



M. Albin Chalandon of Elf Aquitaine

Instead of plaudits the only government response he has had is a headmasterly lecture.

The deal will unquestionably expand Elf's activities and influence in the country.

The row between M. Chalandon and his critics has thrown into relief one of the central problems of current French industrial policy—the question of how much freedom the nationalised sector should have to run itself.

Big State companies used to be regarded in France almost as adjuncts of the Civil Service, often run by functionaries with no experience of private industry. Under the present administration, however, there has been a move towards establishing limits to State interference in these companies through formal "contracts," plus tentative attempts to reduce State shareholdings in some sectors.

M. Chalandon, an independent minded, ex-Gaullist minister, belongs unquestionably to the liberalising school; but M. Andre Giraud, the head of the Industry Ministry, to which he reports, leans towards the dirigiste wing, especially on energy matters, where he believes that France needs a carefully controlled national policy.

The conflict between the two men became more important as cash flooded into Elf last year. In the summer, M. Chalandon came up with a proposal to spend a large proportion of these unexpected funds on buying a U.S. company, Kerr-McGee, with wide interests in uranium and coal—a diversification which would clearly have affected Elf both industrially and geographically.

The French Government quietly vetoed the idea. Subsequently, both M. Giraud and M. Barre have warned Elf that it has a national duty to fulfil in spending the money which is pouring into its coffers. M. Chalandon's response is to ask for a definition of that duty.

So far this "clear definition" has not been forthcoming from the Government.

But with the amount of money the group is making, the question of further acquisitions is bound to come up sooner or later. M. Chalandon may not be around to see these changes. There are persistent rumours that M. Giraud is aiming to move his own man into the company shortly. But M. Chalandon, known in his day as one of the most pro-Gaullist of the Gaullists, is not giving ground. He still has an ally in the Elvsee Palace and until the presidential election, at least, that remains a powerful argument in his favour.

## GISCARD ENDS HIS VISIT TO GERMANY

## French nuclear role welcomed

BY ROGER BOYES IN BONN

CHANCELLOR Helmut Schmidt of West Germany yesterday strongly welcomed France's decision to modernise its independent nuclear force and stressed the importance of Franco-German political and defence co-operation in creating a powerful, united Europe.

The Chancellor was speaking at a joint Press conference with President Valéry Giscard d'Estaing which rounded off the French leader's first State visit to Germany.

In formal consultations on Thursday and private talks in the week, the leaders discussed the Soviet invasion of Afghanistan, alliance politics and chances for future arms control negotiations.

The main thread running through these deliberations was that Europe should play a more powerful role in world politics—though not, it was repeatedly stressed, at the expense of the U.S. and that the core of this would be even closer collaboration between France and West Germany.

In practice, this has meant considering ways in which joint weapons projects could be developed, and how France's nuclear deterrent might be used in a broader European framework.

Yesterday Herr Schmidt said: "I would like to emphasise my particular support for the President's remarks about Franco-German co-operation both as a way of strengthening

European cohesion and awareness, and also as a more effective contribution to the maintenance of a military balance."

The French leader stressed, however, that France, as an independent nuclear power, was not directly affected by the latest Soviet offer of talks on limiting medium-range weapons in Europe.

He added: "France is, of course, concerned by the strategic balance in Europe and favours efforts to achieve a balance which should cover all types of forces, including conventional forces."

By welcoming France's moves to modernise its nuclear forces the Chancellor appeared once again tacitly to support President Giscard's decision to

press ahead with development of the neutron bomb.

In parallel talks Herr Hans Apel, the German Defence Minister, and M. Yvon Bourges, the French counterpart, discussed joint weapons development. Both were determined to iron out problems surrounding the planned Franco-German battle-tank for the 1990s. This has assumed symbolic importance.

They also want a decision soon on developing a joint tactical combat aircraft for the 1990s. Britain was involved in the early planning of this aircraft, designated the TKF 90. It was assumed that German and British requirements were closer to each other than to those of the French air staff.

## Food companies join Texaco in bid for North Sea licences

BY RAY DAFTER, ENERGY EDITOR

TWO OF Britain's biggest food companies, Unigate and Associated British Foods, plan to join the search for North Sea oil and gas.

They have formed an exploration consortium with the U.S.-based Texaco oil group to bid for concessions in the latest round of UK licences.

The trio will submit applications in the next month for blocks designated by the Energy Department.

They also plan to apply for a block of blocks of their own choosing. Each of these will cost £5m on top of normal drilling costs.

The seventh round of licences is attracting a number of non-oil companies. But this is believed to be the first time major food companies have declared their interest.

The link-up's attraction for Texaco is that its bidding consortium has a strong UK bias.

Mr. David Howell, Energy Secretary, has said he hopes successful bidders will have a strong UK identity and that they will include newcomers to the North Sea.

Associated British Foods, the bakery, supermarkets and foods group, described the venture as "potentially very exciting."

Mr. Garry Westoe, the chairman, told the annual meeting in London yesterday that the company might spend about £5m on initial exploration work in the next five years.

The group's family-controlled Holdings, would provide the parent company, George Weston International on the basis that it would be repayable with interest only if oil were discovered in commercial quantities.

If the consortium finds oil, Texaco may negotiate to buy its partners' share of production.

Texaco, one of the four largest marketers of petrol in the UK, is upgrading its Pemco refinery in South Wales. In the next few months it will bring on stream the Tarwin Field, in which it has sole interest.

Texaco will have 60 per cent interest in the consortium, of which it would be operator. Associated British Foods, through a new company, A.B. Exploration, will have 25 per cent. The remaining 15 per cent will be held by Unigate Exploration.

Unigate has large-scale meat and dairy interests in the UK and overseas. Its diversified interests include specialised transport, engineering and retail garage operations.

Associated British Foods, Page 18  
Shell report on oil market, Page 3

## BNOC Irish drilling bid fails

BY OUR ENERGY EDITOR

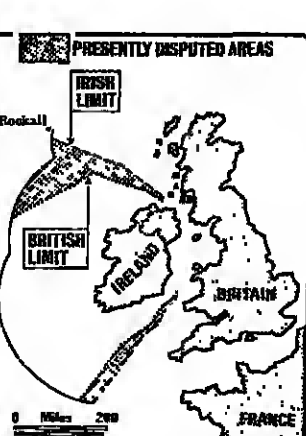
THE British National Oil Corporation has been prevented from exploring for oil and gas in Irish waters because of a boundary dispute between the British and Irish Governments.

The state oil corporation was planning to bid for an Irish exploration licence, along with industry partners, as part of its new expansion into overseas territories. At present all of BNOC's drilling interests are in the UK.

The Energy Department, which must sanction the corporation's overseas exploration ventures, has authorised two projects: one in Dubai and one on the Continent within the European Economic Community.

However, following pressure from the Foreign Office the Energy Department refused permission for the Irish bid. It is thought that BNOC was seeking a concession in an area that could be caught up in the long-running offshore boundary dispute between the UK and Ireland.

Negotiations over drilling territories began between the two countries in 1974 and are now



regain where it is thought BNOC wanted to drill.

As it is BNOC and British Petroleum already hold joint concessions about 100 miles west of the Scottish mainland, an area which is claimed by the Irish Government. So far no wells have been drilled there.

The British and Irish negotiators are due to have further talks about rules for the arbitration court in October. The British claim that the median lines should be calculated from their islands, including those that are uninhabited such as Rockall.

The Irish maintain that only inhabited islands, within three miles of the mainland, should be taken into the reckoning. This would mean, for instance, that Rockall and the Scilly Isles would not qualify as reference points.

Three years ago the UK and France settled a 19-year-old boundary dispute when an arbitration court fixed a median line in the English Channel and Western Approaches. OPEC's premium-price sales, Page 3

## S. African gold trio in merger plan

BY KENNETH MARSTON, MINING EDITOR

A MERGER has been proposed of the assets of three major South African gold mining companies with a combined market capitalisation of some £430m.

The move would allow the exploitation of the low-grade Erudon-Dankbaarheid gold mining area in the Orange Free State, make use of important tax advantages and strengthen the link between the Lonrho group and the Anglo American

Corporation of South Africa.

In essence the new area, which is owned by Anglo and Lonrho, will be worked in conjunction with the neighbouring mines, Free State Sasipalms, Western Holdings and Welkom. The last two have relatively short working lives at their existing mines.

The principal company will be Western Holdings, which can make use of investment

depreciation allowances. This company will have a direct stake in the new low-grade mine, which has some 62m tonnes of low-grade gold and uranium ore.

Western Holdings will acquire for its own shares the assets of Welkom and Free State Sasipalms, although Sasipalms will work the new area as an extension of its existing operations. Details, Page 18

## Zimbabwe purchase by U.S. bank

BY OUR SALISBURY CORRESPONDENT

THE Bank of America was reported to be negotiating to buy the controlling interest in Rhobank, Zimbabwe's third largest bank, which has an estimated 17 per cent share of banking business in the country.

Rhobank's present parent is Nedbank, the wholly South African-owned banking group, which holds 82 per cent of its equity.

Mr. Gerry Muller, the deputy chairman of Nedbank, confirmed in Johannesburg yesterday that the bank had been negotiating the sale of its share in Rhobank with other banking groups.

"We are merely chatting to overseas parties with a view to

diversification of the shareholding," he said, but added that no deal had been concluded. He said it could be several months before any announcement was made.

The Rhobank group, which includes merchant banking and non-bank financing wings, had assets of \$291m (£147m) in 1978. Its share of the Zimbabwe market has grown from little more than 7 per cent in 1965 through the aggressive promotion of one-stop banking.

With relations deteriorating between Zimbabwe and South Africa it would be a logical move for Rhobank to reduce or sever its South African ties and seek a broader international

base. All its major competitors—Standard Chartered, Barclays International and Grindlays Banks—have ties with international banks.

Mr. Muller said that while Nedbank was "perfectly happy" with its investment in Rhobank, nonetheless "it may be more convenient to all concerned if there were other international banks involved."

Mr. Muller declined to elaborate further on the reasons for Nedbank's negotiations with prospective buyers. In Salisbury, a Rhobank spokesman refused to comment on the report, but the Zimbabwe stock exchange, Rhobank shares were bid higher yesterday at 465 cents (£3.10).

## Squeeze on mortgages relaxes

By Andrew Taylor

THE SQUEEZE on building society lending has eased considerably since the beginning of 1980, and at the half-way stage promises to lead mortgage applicants £74m more than at the same stage in 1979.

Figures published yesterday by the Building Societies Association showed that net new commitments in June advanced to £505m, taking the total promised to borrowers this year to £4.5bn.

However, inflation in house prices over the past 12 months means this level of lending will finance the purchase of 43,000 fewer homes than at the same stage a year ago.

Societies have been able to maintain lending commitments in cash terms despite a £223m fall in net receipts.

This has been achieved because societies have been able to take advantage of the high level of interest they pay on deposits, financed through higher mortgage repayments—and which investors have left in their accounts.

Money available from this source has been averaging around £257m a month and interest credited to investors accounts in June rose to £756m. This compares with society net receipts—deposits less withdrawals—of only £206m last month.

The level of monthly net receipts is expected to rise now that the "withdrawal season" to finance holidays is coming to a close.

## Weather

UK TODAY

RATHER COOL, showers. London, E. Anglia, Midlands, C. S. and S.E. England, Channel Is.

Sunny intervals and light showers. Cool. Max. 16C (61F). S.W. England.

Scattered showers, sunny intervals. Rain later. Max. 16C (61F).

Cent. N.E. and E. England, Borders, E. Scotland. Showers, bright intervals. Rather cool. Max. 16C (61F).

Wales, N.W. England, Lakes, Is. of Man, S.W. Scotland, N. Ireland.

Showers, sunny intervals. Wind North-West. Max. 16C (61F).

Rest of Scotland. Cloudy, showers, bright intervals. Cool. Max. 15C (59F).

Orkney and Shetland. Rather cloudy, rain at times. Wind light. Max. 12C (54F).

OUTLOOK: Unsettled and cool.

WORLDWIDE

WORLDWIDE					
	Y'day	Today		Y'day	Today
	°C	°F		°C	°F
Alicante	22	72	Locarno	17	63
Algeria	25	77	London	17	63
Amman	14	57	Luxembourg	12	54
Algiers	25	77	Moscow	10	50
Bahrein	37	99	Madrid	23	73
Batavia	22	72	Majorca	23	73
Bombay	18	64	Melbourne	20	68
Buenos Aires	22	72	Mexico	20	68
Cairo	27	81	Montreal	14	57
Canton	16	61	Munich	24	75
Cebu	13	55	Nairobi	26	79
Colon	13	55	Paris	17	63
Hankow	15	59	Rangoon	28	82
Hong Kong	21	70	Shanghai	27	81
Kobe	15	59	Singapore	31	88
London	17	63	Sourabaya	31	88
Lyons	17	63	Taipei	24	75
Manila	24	75	Tokyo	24	75
Medan	24	75	Yokohama	24	75
Perth	14	57			
Rangoon	28	82			
Shanghai	27	81			
Singapore	31	88			
Sourabaya	31	88			
Taipei	24	75			
Tokyo	24	75			
Yokohama	24	75			

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Alicante	22	72	Locarno	17	63
Algeria	25	77	London	17	63
Amman	14	57	Luxor	40	104
Algiers	25	77	Madrid	23	73
Bahrein	37	99	Majorca	23	73
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Tokyo	24	75			
Yokohama	24	75			

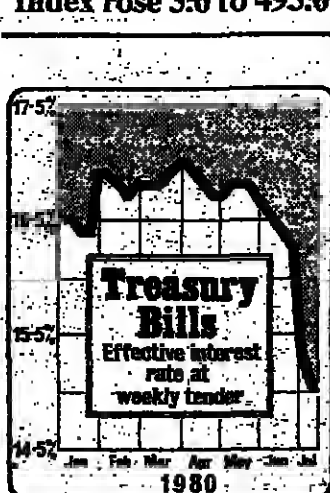
WORLDWIDE					
	Y'day	Today		Y'day	Today
	°C	°F		°C	°F
Alicante	22	72	Locarno	17	63
Algeria	25	77	London	17	63
Amman	14	57	Luxor	40	104
Algiers	25	77	Madrid	23	73
Bahrein	37	99	Majorca	23	73
Batavia	18	64	Melbourne	20	68
Buenos Aires	22	72	Mexico	20	68
Cairo	27	81	Montreal	14	57
Canton	16	61	Munich	24	75
Cebu	13	55	Nairobi	26	79
Colon	13	55	Paris	17	63
Hankow	15	59	Rangoon	28	82
Hong Kong	21	70	Shanghai	27	81
Kobe	15	59	Singapore	31	88
London	17	63	Sourabaya	31	88
Lyons	17	63	Taipei	24	75
Manila	24	75	Tokyo	24	75
Medan	24	75	Yokohama	24	75
Perth	14	57			
Rangoon	28	82			
Shanghai	27	81			
Singapore	31	88			
Sourabaya	31	88			
Taipei	24	75			
Tokyo	24	75			
Yokohama	24	75			

WORLDWIDE					
	Y'day	Today		Y'day	Today
	°C	°F		°C	°F
Alicante	22	72	Locarno		

## THE LEX COLUMN

## EMI a long play for Thorn

Index rose 3.6 to 493.0



Fear of foreign buying is not confined to the gilt-edged market. For a couple of weeks now the discount houses have been afraid that an American bank might show its muscle at the weekly Treasury bill tender, and have themselves been putting in high bids accordingly. Yesterday one American bank came along with a higher bid still, west off with most of the bills and forced the rate down sharply.

The Bank of England apparently showed its displeasure by leaving its bill dealing rates unchanged for the coming week. But this stern signal did not prevent strength after bonds in the gilt-edged market, which was celebrating the absence of a long tap. And the equity buyers are still about—having been 6.7 points down at 10 o'clock, the FT 30-Share Index closed with a gain of 3.6 points.

Thorn EMI

After being down 5 per cent at the half-way stage, Thorn EMI's pre-tax profits have jumped 16 per cent in the second six months to produce £125.5m in the full year, against £118.1m in the previous year by Thorn. The market responded by marking up the shares 10p yesterday to 314p. Without disposals, further rises in capital expenditure will go on pushing up debt for the next three years. With earnings per share down from 39p to below 34p, fully-taxed—producing a p/e of about 9—and the chairman's stated pessimism over the short-term trading outlook, Thorn EMI remains a stock for investors accustomed to scanning the far horizon.

The strength of TV rental in the early part of the company's year has counter-balanced a further £4m or so decline in loss in the TV manufacturing operation, and this drop will not be reversed until the new TX chassis goes fully into production in the autumn. Domestic appliances and lighting are both losing market share in mainland Europe due to the strength of sterling. High operational gearing has led to the company sacrificing margins in order to maintain volume in both these areas, and since March there has been a significant further deterioration.

By contrast, with the disposal and winding down of the medical scanner division catered for in the £30m extraordinary provisions, EMI's other operations are beginning to look a little healthier. Thames TV produced £1m or so, while the gap in new products on the music side has been filled, allowing a strong performance from Capitol in the U.S. But in spite of EMI's improvement, profits for the whole group in the current

year are unlikely to show much improvement.

Some tight cash management has helped to hold debt to 30 per cent of capital employed (before deferred tax). But heavy demands on the rental side—as the old warhorse TVs of the original colour boom are replaced and new video recorders introduced—is reflected in a 50 per cent rise in capital expenditure to £208.6m. Without disposals, further rises in capital expenditure will go on pushing up debt for the next three years. With earnings per share down from 39p to below 34p, fully-taxed—producing a p/e of about 9—and the chairman's stated pessimism over the short-term trading outlook, Thorn EMI remains a stock for investors accustomed to scanning the far horizon.

Oil shares

One stock market sector has been conspicuously absent from the rally of the last six weeks—the oil shares, which in 1979 were the darlings of the fund managers. Secondary oils again topped the list of active stocks yesterday—on the way down this time—and BP was the poorest performer in the FT 30-Share Index in the five weeks from the beginning of June.

The main problem for the oil majors is the pressure on margins in their downstream operations as demand for oil and oil products weakens. BP has the additional problem of issuing new equity in its bid for Selection Trust—the cash alternative is now superficially more attractive, but a number of ST holders will presumably take up BP shares for capital gains tax reasons. For the secondary oils, however, has not dampened the spirits of numerous North Sea adventures. In the last six months, a handful of oil juniors have pulled in more than £43m in rights issues money intended mainly for "Seventh Round" applications.

New companies and consortia are appearing on the scene at the time. So it was no great surprise yesterday when two well-known UK energy companies—Unigate and Associated British Foods—decided to join Texaco in applying for North Sea exploration space. Both these food groups have spare cash and the North Sea provides an enticing outlet.

Texaco already has a solid record of achievement as operator of the Tarwin Field and is probably happy to have these new British friends putting up 40 per cent of costs. But even the Department of Energy may wonder about the relevance of milk and supermarkets in the quest for offshore energy, one way of whitening the balance sheet, perhaps.

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